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## **Southeast Asia Report**

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23 January 1984

## SOUTHEAST ASIA REPORT

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EDITORIAL ON JAPANESE ELECTION CONSEQUENCES FOR AUSTRALIA

Canberra THE AUSTRALIAN in English 20 Dec 83 p 6

[Editorial: "Japan Poll Result Important for us"]

[Text]

DEMOCRACY has shown itself to be alive and well in Japan, though in a way not wholly to the liking of Australia and other members of the Western alliance. The surprisingly severe personal vote against the Prime Minister, Mr Nakasone, and a crushing defeat for the mainstream faction of the Liberal Democratic Party in Sunday's Lower House election has upset the party and could force a power struggle for the head of government.

This aberration from the free-wheeling transitions of power in recent decades – always within the party and with a minimum of political and economic instability – has shocked the Tokyo establishment and alarmed friends abroad. Those Japan watchers who viewed Mr Nakasone's sudden rise to power last year as the birth of an outward looking, internationally responsive member have been unpleasantly surprised to find the fickle old Japan remains.

The apparent regression will have severe economic consequences for Australia if followed by an aggressive slashing of iron ore and coal prices in contract talks now opening in Tokyo.

In the Western bloc, where Japan under Mr Nakasone had been emerging as an actively contributing member, the concern is that a power

struggle will throw up a compromise prime minister who will take a step back into the trade-only past which avoided international politics.

For Australia, that regression would have undesirable consequences. The growing understanding in Australia of the positive and beneficial role of its strong, non-nuclear ally in the northern Pacific would be seriously damaged.

The outcome of Sunday's election is still unclear. But already it is known that Mr Nakasone has suffered a severe enough loss of face to be toppled by an incoming LDP government or, for the first time in years, by a coalition with conservative groups. Also the powerbroking will be in the hands of the former prime minister of Lockheed scandal notoriety, Kakuei Tanaka, who has been returned with a bigger majority.

Mr Nakasone has taken a hard knock. He made the tactical error of going to the people rather than allowing Opposition parties to vote on a resolution demanding his mentor-boss's resignation from the Diet. The politically naive prime minister has fallen victim to the wheeling and dealing of Mr Tanaka, who has improved upon the strong support he has always had in his own prefecture.

Japanese democracy survives, but at the cost of a promising international leader and to the gain of a disruptive influence. While it is too early to project the composition of the Tokyo Government, it is likely that the election will produce a government which in form and probably performance will be less predictable to friends overseas. Tokyo will be far more difficult to take for granted.

The point will not be lost on the Australian Prime Minister, Mr Hawke, who has pencilled Tokyo into an east Asia itinerary for early February. A Tokyo visit now emerges as more important than before, despite misgivings about possible postponement of Hong Kong, Peking and Seoul stopovers because of a delayed Tokyo reception.

Mr Hawke's first official call on Tokyo is an overdue recognition of the key role Japan plays in the Australian economy and an increasingly important strategic area. One new leader meeting another will have much to discuss as they seek to strengthen ties, not least because of an alarming decline in the balance of trade in Australia's favor.

The election again shows Japan as a firm member of democracy, a rather restricted group within Australia's geopolitical region. The exercise may be welcomed from this viewpoint. What needs to be watched carefully in coming weeks is how Japan handles political pressures of a complexity not experienced for decades. Australia has a vested interest in the outcome.

CSO: 4200/354

IMPRESSIVE RETURNS FOR URANIUM PRODUCERS REPORTED

Melbourne THE AGE in English 19 Dec 83 p 18

[Text] Although the uranium debate is as alive as ever, Federal Government policy appears to be settling in a direction that will leave the export market open for the two existing producers, the Ranger and Nabarlek mines, for the next decade until Roxby Downs comes onstream.

The Minister for Energy and Resources, Senator Walsh, has said the anticipated growth in demand could be satisfied by expansion of the Ranger mine which seems to be his preferred option. It is one that is highly favorable to Energy Resources Australia and its two listed shareholders, EZ Industries and Peko Wallsend.

Pioneer Concrete, which owns Nabarlek, is hoping that it too will be allowed to enter into new contracts and develop nearby exploration prospects. Nabarlek's contracted exports to France, however, remain under threat.

The cash flows generated by the two existing mines have been extraordinary. In its first full year of operation in 1982-83, the Ranger mine had sales revenue of \$261 million. Direct operating costs were only \$70 million, leaving ERA with an operating profit of \$191 million.

From this, the company was able to pay interest of \$56 million, Aboriginal landowners \$14 million, and still have enough left over after tax, other expenses and provisions to report a net profit of \$57.4 million.

Returns from the Nabalek mine are even more impressive. Although sales figures are no longer published now that Queensland Mines is consolidated in the Pioneer results, shipments of about 800 tonnes last year would have produced sales revenue of about \$65 million. From this, the mine produced a pre-tax profit of about \$48 million.

Nabarlek's operating costs come to about \$6 a pound. The mine's contracts have been written at between \$US32 and \$US38 a pound. Pioneer's 82.4 percent stake in the mine, of which 50 percent is held directly and the rest through Pioneer's 65 percent owned subsidiary, Ampol, brought it net earnings of \$21.5 million last year.

The ERA share price has been responsive to the vissicitude of the uranium debate. The year low of \$1.30 was touched in March with the election of the Labour Government. A high of \$2.05 was reached in September when the Government permitted ERA to negotiate contracts in the United States. The lead up to the caucus debate brought the price back to \$1.50 in October since when it has recovered to about \$1.75.

At this price, the shares are selling at 12.5 times the 1982-83 earnings with a dividend yield of 6 percent. Not since the float of 13 percent of ERA's capital to the public in October 1980 has the \$3 a share paid then been matched.

Assuming a steady level of production, profit should steadily improve as the project finance is repaid and interest falls. At the last balance, these loans totalled \$350 million. The principal is being repaid at a rate of \$53 million a year until 1990.

The outlook for ERA changes if the Government permits it to raise output and it is successful in gaining fresh contracts. The Ranger mine was designed with excess capacity and output could be lifted from 3000 tonnes of yellowcake a year to 4500 tonnes at a cost of less than \$10 million. If the Government floor price is maintained, this would double ERA's profit to about \$115 million. At a cost of about \$90 million, ERA could double its output to 6000 tonnes a year.

The Government has already approved two new contracts with American utilities totalling 2000 tonnes and has allowed ERA to negotiate with other American utilities for contracts that would total 7800 tonnes. These contracts would start between 1984 and 1988 and cover different terms. They would add close to 1000 tonnes a year to ERA's output from 1985-86.

The Government has acknowledged that its floor price of about \$35 a pound is a barrier to the signing of fresh contracts. The spot price is still at \$US25 a pound although only a small part of the world trade is transacted at the spot price.

The outlook for the Nabarlek uranium project is less certain. Despite its impressive profitability, the operating company, Queensland Mines, has yet to provide Pioneer shareholders with a return that matches the price their company paid for a majority stake.

In 1981 Pioneer launched bids for Kathleen Investments and Queensland Mines. The company already had a direct and indirect stake of 48.6 percent in Kathleen Investments which, in turn, held 50 percent of Queensland Mines.

The bids were financed by \$10 million in cash and the issue of shares which led to a 42 percent increase in the company's share capital. They raised Pioneer's effective holding in Queensland Mines, the operating company for the Nabarlek project, from 24.3 percent to 82.4 percent. The additional ownership contributed \$15.3 million to Pioneer's net earnings last year, or 5.8 cents of the earnings per share of 25.4 cents.

Without those extra earnings and without the dilution of Pioneer's capital which paid for them, the company would have reported earnings of 27.7 cents a share last year.

Pioneer doubtless does not see it that way. It could argue that access to the Queensland Mines cash flow has facilitated growth in other areas of the group. The company's potential as a money spinner will only be realised once contracts are obtained for the uncommitted uranium in the stockpile.

Queensland Mines is believed to hold contracts for 8500 tonnes. The stockpile was originally estimated at 12,000 tonnes though management was told to allow for a 15 percent shortfall. Pioneer's latest annual report indicated that the shortfall might be larger than previously thought, although the company would still have between 1000 and 1500 tonnes available for contract.

Shipments of an additional 200 tonnes a year would add about \$15.5 million to Queensland Mines sales and given the minor cost of treatment, virtually all of this would flow through the pre-tax profit. This would add about \$7 million to Pioneer's net earnings, equivalent to 2.6 cents a share.

One of the existing Nabarlek contracts, calling for the supply of 2600 tonnes to Electricite de France, is in jeopardy because of the diplomatic dispute between Australia and France over nuclear testing in the Pacific. The company was refused permission to bring forward the first shipment due in October next year to July this year and the contract is certain to become a political issue for the Government (and the company) next year.

Nabarlek's main hope is for permission to develop discoveries which have been made in areas adjacent to the original deposit. These could be put through the existing treatment facilities and would cost little to develop.

The most notable casualty among the listed companies in this year's uranium debate has been Pancontinental. It no longer makes much sense to view it as a uranium stock, with its Jabiluka deposit locked up in the Kakadu National Park and the Government clearly hostile to greenfield uranium projects other than Roxby Downs. Pancontinental's share price dropped \$2.40 to \$1.10 following the March election. Its present share price of \$1.40 is supported by its Paddington gold deposit, its possible investment in Utah and its oil interests.

Western Mining also appears to have its Yeelirrie project blocked indefinitely. Roxby Downs, however, will come onstream late this decade if supported by the feasibility studies now underway. The Environmental Impact Statement envisaged mining of 6.5 million tonnes of ore a year which would yield about 150,000 tonnes of copper, 3000 tonnes of uranium and 110,000 ounces of gold. At present prices, this would yield sales of \$500 million and probably insufficient profit to justify the \$1400 million (1981 dollars) investment. The project, in which Western Mining has a 51 percent stake, would be unlikely to proceed unless it could generate net profits of at least \$100 million a year.

EVERINGHAM TO USE VICTORY IN SEEKING COMPROMISES FROM CANBERRA

Sydney THE SYDNEY MORNING HERALD in English 5 Dec 83 p 2

[Article by Simon Balderstone of THE AGE]

[Text] Darwin--The Northern Territory Chief Minister, Mr Everingham, will attempt to use his crushing election win to gain compromises from the Federal Government on its Ayers Rock and Alice Springs-Darwin railway decisions.

After the CLP's decimation of the NT ALP, Mr Everingham quickly launched a strong attack on the Federal Government--but said he wanted to sit down "man to man" with Mr Hawke to discuss federal policies affecting the territory.

"We have won a victory for Australia. We have brought a halt to an arrogant government's headlong rush. It has disregarded the interests of the ordinary people of Australia," he said.

The CLP looks likely to have a 19-to-6 majority in the NT Legislative Assembly after increasing its primary vote by 12 percent, to 62 percent.

The ALP won half that vote--31.5 percent--with an 8 percent swing against it, and also lost its deputy leader, Mrs Pam O'Neil, who was beaten by the CLP deputy, Mr Marshall Perron.

They stood against each other following the electoral redistribution which increased the parliament from 19 members to 25.

In the old assembly, the CLP held 11 seats, the ALP seven, and one Independent, Mrs Dawn Lawrie, held a seat. She was also beaten as were two other sitting members.

The ALP, a rural-based party in the territory, suffered a 13 percent drop in support in outback areas with the Democrats--fielding three Aboriginal candidates--lifting their vote by 8 percent.

Territory-wide, the Democrats lifted their vote by 1.5 percent but support for Independents dropped dramatically.

The CLP vote rose 7 percent in the bush but it gained an effective swing of much more as the Democrats were directing their preferences to the Government.

In the 16 urban seats, 12 in Darwin and four in Alice Springs--the ALP vote dropped 6 percent and the CLP vote rose 10 percent.

The ALP won only one urban seat and is even in trouble in the remote seat of Arnhem, although party officials say leakage of preferences give the ALP candidate a good chance.

With only 62,000 voters enrolled--an average of about 2,500 per seat--personal factors played a big part in some seats, but generally were overridden by the huge support for the CLP's stand for the Territory's against the Federal Government.

Forty percent of the voters enrolled were voting in a Territory election for the first time. The result for the ALP is the worst since 1974 when a similar percentage of the vote the party failed to gain a seat. The CLP won 17 and there were two Independents.

After Saturday's result it is up to the Everingham Government to decide if it will accord the ALP party status and the number of staff positions to be given the ALP.

It is not considered likely the party will lose status or Mr Bob Collins the position of Opposition Leader.

In 1977, the ALP won six, the CLP 12 and Independent one. The 1980 election was the first since self-government in 1978.

Mr Everingham says that he wants a compromise on the federal decision to give freehold title of Ayers Rock to the Aboriginal traditional owners, and wants the Prime Minister to reconsider the move to make the NT pay a significant part of the cost of an Alice Springs-to-Darwin railway.

The Federal Government has initiated an inquiry into the railway scheme.

After stressing in the last days of the election campaign that he could, and did, get on well with Mr Hawke, Mr Everingham used the result to mix the line with his early campaign style of attacks.

He said he had wanted to sit down and work with the Federal Government for two years. "And I hope it's not a day longer and if Canberra continues on this course it won't be," he told the party faithful at a celebration.

CSO: 4200/297

MANUFACTURERS EXPRESS MORE CONFIDENCE

Melbourne THE AGE in English 19 Dec 83 p 1

[Article by Simon Balderstone]

[Text] Canberra--Australian manufacturers, until recently extremely pessimistic in their outlook, are now strongly confident about business prospects for the first half of 1984.

Nearly two thirds of companies in a national survey are optimistic about the business outlook compared with only two percent in the same survey 12 months ago.

The confidence is reflected in predictions of increased spending on new plant and equipment for the first time in two years.

But most of the 262 companies that responded to the survey in the Confederation of Australian Industry and Westpac expected a slight decline in employment in manufacturing during next year.

The companies were asked in the two weeks to Monday 12 December to report on their performance in the previous three months on their expectations for the future.

The increase in new orders and output in this quarter led to most--58 percent--of respondents being optimistic about the business outlook over the next six months.

In September, 40 percent answered that way, and a year ago, only two percent of manufacturers had such feelings.

The higher rate of activity in this quarter had been predicted in the last survey, but the CAI and Westpac point out that the survey took place against a backdrop of continuing excess capacity.

This survey, 64 percent of respondents said they had less than satisfactory "full rates of operation," compared to 75 percent in the previous survey.

Although manufacturers predicted an increase in new orders and output next year, insufficiency of new orders was still nominated by respondents as the single factor most limiting their ability to increase production.

Employment in the sector continued to drop in the December quarter, but at a slower rate than before.

However, the Government, anxious to lift employment would not welcome those figures, or predictions that employment will decline slightly next year in the manufacturing sector.

Despite the first prediction for two years for increased spending on new plant and machinery, spending on new buildings was again expected to decline.

Sixty percent of respondents reported higher production costs, but only 34 percent say they had increased their selling prices.

Interestingly, this figure was substantially below that forecast in September.

The manufacturers predicted increase in costs and selling prices in the March quarter.

Respondents considered that access to finance was easier to obtain during the December quarter than three months earlier, and reported a decline in stocks of raw materials and finished products.

Only three percent of respondents forecast a deterioration in the general business situation, while 38 percent expected no change.

Increased overtime was reported during the December quarter but was expected to decline in the next three months.

CSO: 4200/354

VICTORIA PREMIER VISITS PRC, HEARS CALL FOR MORE TRADE

Melbourne THE AGE in English 19 Dec 83 p 3

[Article by David Broadbent, State political reporter]

[Text]

PEKING, 18 Dec. — A Chinese vice-premier, Mr Tian Jyun, yesterday called for increased trade between China and Victoria in talks with the Premier, Mr Cain at the Great Hall of the People.

Mr Tian said he understood Victoria was a highly developed and competitive State and in many ways the "leading Australian State".

He said authorities from China's Jiangsu province — which has a sister State relationship with Victoria — would send delegations to Victoria to see which products would be most suitable for expanding trade.

Mr Tian said Jiangsu province was one of China's most developed areas and he hoped Mr Cain would find valuable trade opportunities when he visits the region tomorrow.

During what was described as an unusually high-level reception for Mr Cain, the Victorian Premier said that while Victoria was Australia's major manufacturing state, it might also be possible for Victoria to provide agricultural equipment and advice on how China could make the best use of its available land.

Mr Cain said political relations between Australia and China had improved dramatically since former Prime Minister Gough Whitlam visited in 1973.

"I sincerely hope our relations go on improving at an even faster rate," he said.

Mr Cain spent two days in Peking on his first overseas visit since becoming Premier. Tomorrow he will begin a three-day tour of the Jiangsu province before making stopovers at Hong Kong and Singapore.

Australian officials here have said that Mr Cain has been given an extremely warm welcome, and it was significant that he was met by a senior vice premier.

They also said it was significant that Mr Tian told Mr Cain China would like to consult further with all of Australia in all trade fields.

The officials were pleased that Mr Tian said that Australian wheat was of a very high quality and that it was "competitive with wheat transported from the United States".

CSO: 4200/354

OPPOSITION SETS UP COALITION TASK FORCE

Sydney THE SYDNEY MORNING HERALD in English 19 Dec 83 p 3

[Article by Paul Kelly]

[Text] Canberra--The Opposition has established a task force to prepare a blueprint for the operation of the next National-Liberal Party government.

The Leader of the Opposition, Mr Peacock, said yesterday that the group, headed by the NSW frontbencher Mr D. Connolly, will report by mid-1984 and is expected to make the most detailed review of the machinery of government ever undertaken by the Coalition.

The creation of the task force--named the Forward Planning Group--follows the recommendations of the Valder report and Mr Connolly signalled yesterday that it will recommend fundamental changes to the way in which the Fraser Government operated.

Mr Connolly said that options the committee will include

--The need for ministers to have more powerful personal staffs to ensure that the government charts its own political direction.

--The possibility of a "mega-ministry" concept in which each Cabinet minister has umbrella responsibility for general policy areas--for example, social security--and has junior ministers under him handling specific departments, such as welfare, health and veterans affairs.

The committee includes the frontbenchers Mr J. Carlton (NSW), Mr J. Moore (Qld), Mr P. Ruddock (NSW) and Mr R. Braithwaite (Qld); Senator Withers (WA), a Liberal adviser, Professor D. Kemp; the Liberal Party research director, Dr A. Band; the managing director of Elders-IXL, Mr J. Elliott; and the president of the ACT Liberal Party, Jr J. Loutit.

"It is essential that the Opposition develops policies consistent with its philosophy," Mr Peacock said.

"The committee's task is to study how these policies can be applied in the most cost-efficient and effective manner."

"The Forward Planning Group will examine the structure of the relationships between ministers and their departments; the most effective administrative arrangements for the implementation of Government policy; desirable administrative reforms within the public sector; and the relationship between ministers and statutory authorities."

Mr Connolly said that other issues to be examined included the system of annual budgeting, the need for a Cabinet office or secretariat to advise on and follow up Cabinet decisions, and measures to ensure that ministers were responsible for their departments.

The Opposition move was announced on the eve of the release today of the Government's discussion paper on its reforms in Government administration.

CSO: 4200/354

## GOVERNMENT FACES BUDGET DEFICIT OVERRUNS

Canberra THE AUSTRALIAN in English 19 Dec 83 p 2

[Article by Ian Perkins]

[Text]

FIVE months into its first budget year of 1983-84, the Federal Government is facing cost overruns in some of its programs which could threaten its Budget deficit estimate of \$8361 million.

Figures issued yesterday by the Minister for Finance, Mr Dawkins, show the Government has already identified several areas where expenditure is likely to exceed Budget estimates.

Substantial overruns in estimates for social security and welfare expenditure, housing, health, education and the payment of interest on the Government's growing public debt are all expected to adversely affect the deficit.

The increase in interest payments to holders of government paper is expected to be extremely significant during the second half of the financial year because of the huge issues of government bonds so far this year.

It is too early to tell whether this will mean much in the overall deficit context, because the final outcome will depend on the tax inflows in the second half of the fiscal year.

It will also depend on unemployment levels in the first months of the New Year when 100,000 school-leavers enter the workforce.

But the figures show that in the first five months of the year, the deficit had reached a huge \$6317 million, or \$3413 million more than the same period of 1982-83.

They show that in the first five months, government outlays were up 17.9 per cent to \$22,339 million compared with a projected Budget growth estimate of 15.8 per cent.

At the same time receipts for the five months were down 0.1 per cent to \$16,083 million compared with a Budget forecast increase of 8.6 per cent for the year as a whole.

Commenting on the figures, Mr Dawkins said:

"The higher growth at this time of the financial year compared with the same period last year reflects timing differences in some cases and variations to expected levels of spending in others."

He said the outlays for November (up 11.8 per cent) continued the moderation in spending evident during October after the strong growth during August and September due to seasonal and timing factors.

But he still had to admit that some spending items were running ahead of expectations.

"Nevertheless, expenditure patterns to date in some items indicate likely variations from the budget estimates," Mr Dawkins said.

The main items affecting the upward movement in government outlays for the five months were:

DEFENCE (up \$351 million or an increase of 20.4 per cent compared with a budgeted increase of 10.4 per cent) due to payments under foreign mili-

tary sales arrangements and earlier payments for capital and supporting equipment.

**EDUCATION** (up \$229 million - an increase of 14 per cent compared with a budget increase of 10.4 per cent) with increases in grants to schools and colleges and higher payments under student assistance schemes. It is expected that the continuation of the increase in student numbers under these schemes will result in the Budget estimates being exceeded.

**HEALTH** (up \$209 million, or 15 per cent which is less than the budgeted increase of 25.4 per cent), but this will be turned around when Medicare is introduced at an expected first-up cost of \$600 million on February 1 next year.

**SOCIAL SECURITY and WELFARE** (up \$1554 million or 30.4 per cent compared with a budgeted increase of 19.3 per cent) due to a wide range of factors. These include unemployment benefit payouts up \$439 million due to increases in numbers receiving higher benefits, family allowance payments up \$132 million due to increased rates, service pensions (up \$113 million), supporting parents benefits (up \$94 million) and widows pensions (up \$60 million).

**PENSIONS:** age pensions (up \$414 million); war pensions and allowances (up \$118 million), and a wide range of other higher payments.

## Payable

Referring to the social welfare increase, Mr Dawkins was hopeful of some improvement, but this would depend on a continued improvement in employment rates.

"Expenditures on invalid pensions, age pensions, service pensions, sickness benefits and home-care services are expected to exceed Budget estimates," he said.

Other blowouts in expenditure affecting the overall deficit outcome for the five months include housing (up \$94 million or 41 per cent compared with an annual budget estimate of 23.1 per cent) and housing expenditure is expected to overrun estimates by at least \$100 million for the full year.

Culture and recreation is up \$57.6 million or 27.1 per cent compared with a Budget estimate of 14.6 per cent, transport and communication is up \$80 million or 15 per cent compared with a budgeted increase of 3.1 per cent and labor and employment up \$112 million or 54.1 per cent compared with a budgeted increase of 64.1 per cent.

Importantly, public debt interest payments are also up \$190 million. At a 14.5 per cent increase this is less than the budgeted increase of 22.4 per cent for the full year.

CSO: 4200/354

## NEW CITIZENSHIP OATH DELETES QUEEN

Canberra THE AUSTRALIAN in English 8 Dec 83 p 3

[Article by Ellen Peterson]

[Text]

**CHANGES** to citizenship requirements, including a new oath of allegiance and the scrapping of British subject status, will come into force next year.

Under legislation introduced into Parliament yesterday, reference to the Queen will be deleted, qualifying periods cut, a right of appeal established and English language requirements eased.

The Minister for Immigration and Ethnic Affairs, Mr West, described the changes as the most far-reaching since the Citizenship Act's introduction in 1948.

The amendments would not be debated until the autumn session next year to allow the States and migrant groups to comment on them, he said.

Mr West said \$60,000 would be allocated to publicising the changes.

Two alternative oaths of allegiance are planned. Both delete reference to the Queen contained in the present form. One form is an affirmation excluding reference to God.

Under the Bill:

**THE ENGLISH** language requirement is eased to a "basic" rather than "adequate" knowledge, and people over 50 will be exempt from this requirement.

**THE DEFINITION** of British Subject status will be repealed after an examination of the implications for the operation of other legislation.

**DISCRIMINATION** between mothers and fathers relating to the citizenship of their children will be removed.

**THE QUALIFYING** period for citizenship will be reduced from three years residence in the last eight to two years in the previous five.

**A RIGHT** of appeal to the Administrative Appeals Tribunal for people refused citizenship will be established.

Mr West said the scrapping of the reference to the Queen was designed to end concern felt by many people at swearing allegiance to a sovereign overseas.

The decision was taken after consultations commissioned by the previous government, and was designed to reflect the fact that Australia was an independent nation.

The new "Pledge of Australian Citizenship" in both its proposed forms renounced current citizenship and allegiance to any state other than Australia, and contained a pledge to uphold the Constitution and obey Australian laws.

Mr West said in ending British subject status the Government was not seeking to pre-

justice the position of British settlers.

"Australia is now the only country in the world to continue to use the concept of British subject status in preference to its own nationality," he said.

### 'Shameful'

"We see it as fitting that Australian citizenship should have a unique status in Australia and be the basis in future of citizenship rights and privileges."

The requirements for citizenship under the planned Act were permanent residency, good character, a basic knowledge of English, and that the applicant be at least 18 years old.

The Federal Opposition yesterday claimed the Government was destroying the oath of allegiance.

Opposition immigration spokesman, Mr Michael Hodgman, said the decision to delete reference to the Queen was "shameful" and would

cost the Government hundreds of thousands of votes at the next election.

Mr West said while there could be legitimate differences in view of the monarchy issue they should not be invoked in an Australian citizenship ceremony.

"The decision to remove reference to the monarchy arose from public consultations on the Citizenship Act commissioned under the former government," he said.

"The overwhelming view expressed at these national consultations was that considerable concern existed in the community at swearing allegiance to a sovereign resident elsewhere."

Other planned changes to the Act include the removal of all provisions discriminating against individuals on the basis of sex or marriage, deferral of a citizenship application for up to a year to allow requirements to be met, and revised penalties for offences under the Act.

CSO: 4200/348

INSTITUTE BACKS COLLECTIVE BARGAINING OVER WAGE FIXING

Canberra THE AUSTRALIAN in English 20 Dec 83 pp 1, 2

[Article by Paul Molloy]

[Text]

THE National Institute of Labor Studies yesterday supported calls by the Federal Opposition for increased collective bargaining as an alternative to centralised wage-fixing.

The institute, based at Flinders University in South Australia, also suggested the Arbitration Commission was "fundamentally unsuited" to the national industrial relations system.

This was because it institutionalised conflict and was remote from the individual economic fortunes of each workplace.

The institute's director, Professor Richard Blandy, said an experimental period of "grass roots" bargaining was necessary to overcome the country's "abysmal record in industrial unrest and dis-harmony".

Professor Blandy said the commission institutionalised access to third-party "umpires" as the customary means of resolving differences in the workforce.

The system appeared to be based on the assumption that adversary relations were so strong that it was too difficult for the parties involved to resolve disputes, he said.

Yet Australians had "an enviable reputation for easy-going tolerance and comradeship" which was at odds with the country's record of industrial disharmony.

Professor Blandy also criticised the commission's award system, which determined wages and conditions for entire industry spectrums, as "quite remote from the actual economic fortunes of each workplace".

"It is little wonder that sensible Australians may become confused about the relationship between their pay and conditions of work and the economic condition of their actual employer," he said.

"The commission appears to be the real source of well-being, not one's own efforts and the efforts of others at one's own workplace on which the capacity to pay of each employer really depends."

The commission's decision to award the national wage rise of 4.3 per cent on the basis of undertakings not to make further wage claims increased the likelihood of groups of workers seeking increases outside the system's jurisdiction, he said.

The decision opened up the prospect of a "split system", with some groups operating within the arbitration system and some groups outside it.

But rather than acting to discourage this, collective bargaining could be experimented with.

Professor Blandy's call echoes the sentiments of the Deputy Opposition Leader, Mr John Howard, who last month said companies and workers should be allowed to "opt out" of the system in a bid to set wages and conditions more compatible with the individual capacity to pay.

The Opposition spokesman on industrial relations, Mr Ian Macphee, called for the introduction of civil industrial contracts to work in tandem with a centralised system.

The Australian Democrats last week introduced a bill into the Senate providing a legal framework for collective bargaining.

The Democrats spokesman on industrial relations, Senator John Evans, said the legislation would bring previously unenforceable agreements under legal jurisdiction without impinging on the industrial tribunals.

However, collective bargaining has little favor with the Government, the ACTU or national employers.

The Government and the ACTU are still committed to the accord, which is based on a centralised system. The national employers have called for the dismantling of the Arbitration Commission, while the commission itself is advocating its replacement by a commission with the legal power to enforce awards.

CSO: 4200/354

**PUBLIC SERVICE REFORM PROPOSALS REPORTED**

**Permanent Department Heads Reviewed**

Canberra THE AUSTRALIAN in English 20 Dec 83 pp 1, 2

[Article by Ian Perkin]

[Text]

**REFORMS** of the Public Service outlined yesterday by the Federal Government will mean the jobs of permanent heads of departments will no longer be as "permanent" as they used to be.

The newly designated "department heads" will, unlike the present "permanent heads", come up for review of their job performance every five years and be subject to transfer or removal.

The proposed regular five-yearly reviews could also ultimately result in demotion of department heads, unlike the present system which guarantees their salaries until retirement.

It could also mean permanent heads who have already served five years could go as soon as the legislation is enacted.

Details of the reform proposals were given jointly yesterday by the Minister for Finance, Mr Dawkins, and the Labor member for Canberra, Mrs Ros Kelly.

Mrs Kelly, like Mr Dawkins, played a key role in developing Labor's Public Service policy, particularly the position paper, Labor and the Quality of Government.

Mr Dawkins said the Government hoped to bring legislation enacting the reforms into Parliament in April or May - the autumn session.

In the meantime the Government will welcome comment on the proposals, particularly from Public Service unions and individual members of the bureaucracy.

But Mr Dawkins said he had already consulted many within the Public Service and, with one or two exceptions, there appeared to be general agreement on the changes.

Most of the reforms deal with the two top levels of the bureaucracy - the permanent heads and second division officers - and are aimed at greater efficiency and management expertise.

Under the plans the second division of the Public Service will be replaced by the senior executive service into which outsiders will be welcomed.

Within the SES individual ministers will be able to enlist the help of outside consultants for specific projects and these will rank equally with other SES officers.

The Opposition welcomed the broad thrust of the Government's reforms, based as they are on three earlier reports.

These include the Coombs Royal Commission into the

Public Service, the public accounts committee report drawn up by a Liberal MP, Mr David Connolly, and the most recent report into the Public Service headed by the chief of James Hardie, Mr John Reid.

The proposed reforms have drawn heavily on these three reports as well as the Labor and quality of government policy document.

Mr Connolly, now the Opposition's spokesman on the environment and public administration matters, said he hoped the proposals would make the Public Service more efficient, responsive and accountable.

But he said that before commenting in detail on the proposals, the Opposition would have to see the eventual legislation.

Australia had lagged behind other countries in reform, but he expressed some doubts about specific proposals.

The Opposition was concerned about the proposals for a more flexible procedure

for the appointment of department heads.

"However, we support the establishment of a senior executive service which will be open to outside appointments," he said.

"We will need to watch carefully the Public Service Board's use of the proposed power of 'central direction'.

"We believe instead that the principle 'let the managers manage' should be developed further."

The Opposition agreed the Public Service Board had an important role to play in career development and manpower management.

"However, the board must see its role as primarily to assist department heads to implement the Government's program efficiently and effectively," he said.

"The Opposition agrees that an improved system of outside advice to ministers through consultants must be developed.

"However, consultancy should be limited to ministerial staff appointments rather than placed within individual departments

individual departments.

The proposal to place consultants within departments could diminish the prospects of career public servants or encourage them to seek preferment on the grounds of political affiliation.

"Essentially, an apolitical Public Service must be preserved," he said.

Future government policy on statutory authorities is being studied, as are reforms to budget procedures.

The national executive of Australia's largest public service union, the Administrative and Clerical Officers Association, described its reaction to yesterday's reform proposals as "cautious but positive".

"The personal response of executive members to the White Paper is generally positive," its national secretary, Mr Paul Munro, said.

"There is much in it drawn from the agenda for reform developed by past inquiries in which the ACOA has participated."

But Mr Munro said the union "does not see the White Paper as a definitive statement of Public Service reform", and more consultation would be required before implementation of the proposals.

## Proposed Changes

Canberra THE AUSTRALIAN in English 20 Dec 83 pp 1, 2

[Article by Ian Perkin]

[Text]

THE key provisions of the Government's proposals are:

TO give the Government effective control over the appointment and transfer of department heads.

AUTOMATIC review of the performance of a department head after he or she has been in the position for five years.

CREATION of a senior executive service, drawing partly on people outside the service, to replace the present Second Division.

AUTHORITY for ministers to appoint consultants to work in their departments and on specific projects.

AN ANNUAL meeting of ministers to review national

prospects and government priorities.

ABOLITION of staff ceilings.

CONTROLS on staff numbers to be determined during consideration of the Budget.

PRODUCTION each year by department heads of a management improvement plan.

REGULAR review of the performance of department heads and of departmental activities.

DEVELOPMENT and monitoring of equal opportunity employment programs.

INTRODUCTION of permanent part-time employment, subject to detailed discussions with staff associations.

IMPLEMENTATION of industrial democracy programs.

STAFF participation in selection committees.

ESTABLISHMENT of a new independent staff grievance authority.

FEDERAL ministers should get away from the office and staff at least once a year, Mr Dawkins' policy paper suggests.

They should do something along the lines of the Canadian Cabinet's retreat, the British weekends at Chequers and the Americans' long weekend at Camp David. But very definitely it should also be away from Canberra.

They should do this to take a wider look at national prospects and government priorities and avoid "ministerial overload".

## OIL PARITY CUT WILL NOT AFFECT PUMP PRICE

Canberra THE AUSTRALIAN in English 20 Dec 83 p 3

[Article by Ian Perkin and David Erskine]

[Text]

PRICES at the petrol pump are not expected to fall in the New Year despite a decision by the Federal Government yesterday to reduce its import parity price for domestic crude oil.

The Minister for Resources and Energy, Senator Walsh, said the price of Bass Strait oil — which meets more than 90 per cent of Australia's needs — would drop by \$1.85 a barrel to \$34.86 on January 1.

This could result in a reduction of the maximum recommended wholesale price of petrol by about 1c a litre.

The oil price reduction comes because low spot price for oil overseas was making it more attractive for oil companies to import petroleum products.

Senator Walsh said the reduction reflected movements in the \$A/\$US exchange rate and changes in some other components of the import parity prices which had occurred since March 1983 when the present prices were calculated.

"These adjustments are intended to keep domestic crude oil prices competitive with the prices of imported crudes."

But major oil refiners and marketers said the present wholesale petrol price in many States was already well below the price recommended by the federal body, the Petroleum Products Pricing Authority (PPPA), because of interference by State governments.

At the beginning of this month, the price in NSW was 1.8c below the PPPA price, Victoria 3.05c below, South Australia 3c below and Western Australia 3.4c below.

As a result there would be no moves to further reduce the price unless forced to by the State Government, according to a spokesman for Caltex Australia.

Caltex, which supplies about two-thirds of NSW demand and is the second largest petrol wholesaler in Australia after Shell Australia, lost \$1.5 million each week in the first six months of 1983 because of prevailing low petrol prices, the spokesman added.

"The artificial ceiling set by State Governments is a major burden for an already troubled industry."

Caltex has previously hit out at the State governments for setting the wholesale price too low.

A spokesman for the oil producers welcomed the move to reduce the oil price, because it maintained the Government's commitment to the parity pricing.

"The Government should continue to stick to the parity price because in the long run it is the only viable way to go."

### Predictions

And a spokesman for BHP said that while the company's revenues would undoubtedly suffer from the price fall, allowances had been made for reductions "of about that order" in its budget.

Senator Walsh said that on the basis of Budget predictions of crude oil output for the 1983-84 financial year, government revenue might have been expected to fall by \$120 to \$140 million because of the crude oil price cut.

But because production from the country's oil fields has been running ahead of earlier Budget predictions, Government revenue is now expected to increase \$60 million despite the price cut.

Senator Walsh said the crude oil price reduction had been based on the dollar exchange rate of \$0.9142 on December 1.

If it had been based on yesterday's rate, the price reduction would only have been \$1.35 a barrel.

He said he did not expect the crude oil price to rise in real terms, and perhaps not even in monetary terms, over the next year.

But he warned that in the longer term it was inevitable that crude oil prices would assist the export of petroleum products from Australia but would not assist the export of crude oil under its new export guidelines.

Senator Walsh said he expected the Government would again assess its import parity price for oil at the normal time in June next year.

He added that the Government had decided not to adjust the maximum wholesale

price for liquefied petroleum gas pending an outcome of a review of the LPG subsidy arrangements.

He expected the results of the review should be forthcoming in March next year.

But the rate of excise for naturally occurring LPG would be increased by 66c a kilolitre to \$49.23 a kilolitre from January 1, although this is not expected to affect retail prices.

Reacting to the Government's decision on LPG, the Australian Gas Association accused the Government of letting down 500,000 consumers by not reducing the price.

The president of the Australian Gas Association (AGA), Mr J. M. Shaw, said: "Using the current pricing policy, LPG rose by \$52.59 per tonne on 1 July 1983 and because of a drop in world prices and currency revaluations since then, 500,000 Australian consumers expected a reduction of at least \$50 per tonne on the next scheduled adjustment date, 1 January 1984.

"The Government has approved a drop in oil prices but has discriminated against LPG consumers by deciding not to apply on 1 January 1984 the same policy it used in July to increase the price.

"The AGA has made a detailed proposal to the Government, setting out a pricing basis which it believes meets all major requirements."

GSO: 4200/354

AUSTRALIA

EAST TIMOR FILM EXPECTED TO STRAIN RELATIONS WITH JAKARTA

Canberra THE AUSTRALIAN in English 17-18 Dec 83 p 1

[Article by Errol Simper]

[Text] Diplomatic relations between Australia and Indonesia are likely to be strained with the release of an Australian film depicting the brutal slaughter by Indonesian soldiers of five Australian newsmen in an East Timor village.

The \$1.2 million film, *Brothers*, was financed by a group of Australian doctors, lawyers and accountants after qualifying on "Australian content" grounds for the Federal Government's tax-rebate scheme for film investors.

Made by Sydney film-maker, Terry Bourke, the 107-minute film begins with the preface: "While it is true five Australian newsmen were killed in Timor in 1975, this is not their story..."

Bourke said in Sydney last night: "I've taken an actual event and fictionalised it. It was an horrific incident in real-life, as it is on the screen. But I'm not flag-waving or trying to make an issue of the Timor events."

The film, shot in the Philippines, New Zealand and Australia, goes on to show the five Australian newsmen machine-gunned by Indonesian troops, then given a coup-de-grace with pistol shots to the head.

Sixty Timorese men, women and children in a small Timor village are also slaughtered.

Five Australian newsmen were killed near Balibo, East Timor, on October 16, 1975. They were Gary Cunningham, 27, Greg Shackleton, 29, and Tony Stewart, 21, of Seven National News, and Malcolm Rennie, 28, and Brian Peters, 29, of Channel Nine News.

The five had gone to East Timor to cover the province's invasion and subsequent takeover by Indonesia.

The Indonesian Government said the men died "accidentally" and it was not until April 1976 that an agreement was secured for Australian diplomats to visit Indonesia to investigate the deaths.

Indonesia said later--and has maintained--the five were killed in crossfire between guerillas of the United Democratic Party and leftist Fretilin forces.

The president of the East Timor Kota Party, Mr Jose Martins, said two of the newsmen were killed when Indonesians attacked a building near Balibo that the newsmen were in. He said the three others had surrendered but had been gunned down by the attacking troops.

The Indonesian Government first expressed official "regret" at the slayings in October 1979. Its Minister for Information, General Ali Murtopo, said the deaths occurred "in a situation beyond anyone's control."

Unequivocal proof of what happened has never been presented. The then president of the ACTU (now Prime Minister), Mr Hawke, said the five were murdered. And the former Australian consul in Dili, Mr Jim Dunn, said he had well-substantiated evidence that virtually the entire Balibo "operation" had been carried out by forces responsible to Indonesia.

Indonesia annexed East Timor as its 27th province in August 1976.

The province's Governor, Mr Mario Carascalao, said in March this year the newsmen were killed by East Timorese nationalists, members of the United Democratic Party, who suspected them of collaborating with Fretilin.

Bourke, who researched the Timor slayings during the making of Brothers, said in Sydney last night the film was not an attempt to stir up a hornets' nest.

The film, to be released in March, stars Dydney actors Chard Hayward and Ivar Kants as two journalist brothers who survive the killings.

CSO: 4200/348

## AUSTRALIA

### LOCAL COMPUTER FIRM FOCUSES ON CHINA MARKET

Melbourne THE AGE in English 6 Dec 83 p 38

[Article by Stephen Hutcheon of the Sydney Morning Herald]

[Text]

A block away from the surf and sand at Manly Beach, a local computer maker is making plans to step up exports of its equipment to China.

Since the company, Datamax, sold its first computer to the Peking Observatory in late 1981, sales have taken off and are now approaching the \$1 million mark.

According to the company's managing director, Mr Cain Kwang, talks are now under way to establish a plant to assemble the Datamax 8000 microcomputer in China. But there are still a few minor financial matters to be resolved.

Sales to China have mushroomed since 1981. In 1982, the company shipped 45 machines to China; so far this year Datamax has sold the Chinese 112 computers.

Mr Kwang, who was born in China, came to Australia in 1961 when he was 14. After high school he studied engineering and science at Sydney University.

The Datamax venture had its beginnings in 1979 when Mr Kwang formed a research organisation called Advanced Digital Systems. It was there he developed the Datamax 8000 microcomputer. Datamax was formed in late 1980.

Before setting up ADS, Mr Kwang worked in the Department of Electrical Engineering at Sydney University. It was there that he made his first contact with the Chinese.

In 1978, Mr Kwang was invited to spend four months at the Peking Observatory as part of a scientific exchange program.

During his stay he worked with other scientists to design computers for the analysis of radio astronomy.

Datamax is now considering establishing an assembly plant in China. It is looking at two areas: the first is in Peking, near a metallurgy research establishment and the other is in one of the newly created special economic zones, in Guangzhou, near an electronics research centre.

Mr Kwang says his company needs more capital to expand. While welcoming the Federal Government's decision to create a venture capital market, he says the benefits of that decision are still a long way off. In any case, he feels the scheme is already one or two years too late.

He says computers have a very good user base at universities in Australia. Macquarie University and the University of NSW have about 60 machines each.

There are about 300 users in Australia, including CSIRO, Sydney University and the Energy Authority of NSW.

CSO: 4200/348

BILLS POSED TO PROTECT LOCAL BUSINESS FROM FOREIGN LAWS

Melbourne THE AGE in English 8 Dec 83 p 19

[Article by Ian Davis]

[Text]

CANBERRA. — The Attorney-General, Senator Evans, yesterday introduced legislation to block the application of foreign laws to companies and individuals conducting businesses in Australia.

The package of bills, all dealing with the extra-territorial application of foreign laws, follows conflict between Australia and the US in recent years over US attempts to apply US anti-trust legislation to arrangements made by Australian companies.

The best-known case involved the US power utility Westinghouse which sought and received judgment against Australian companies which had formed a cartel to increase uranium prices.

The legislation introduced in the Senate yesterday gives teeth to earlier legislation introduced by the Liberal Government, following an agreement it reached with the US Government limiting the reach of US law.

Senator Evans said yesterday the legislation "is intended to ensure that foreign laws do not interfere" with Australia's sovereign interests and with the

effective control by Australia of its export industries".

The new powers will enable Australian companies which are subject to any extra-territorial reach of US or other foreign laws, to recover any costs to them from the plaintiff to the action.

It also gives the Australian Attorney-General power to issue orders blocking the reach of foreign laws and judgments of foreign courts.

Senator Evans said: "The new bill is introduced at a time when the general climate between Australia and the US in this regard is much improved.

"It is the Government's firm belief that jurisdictional conflicts between the laws and policies of sovereign Governments should be resolved if at all possible by consultation and not by unilateral legal or executive action."

But he said the Government could not ignore any jurisdictional threat to Australian sovereignty.

"It is better to introduce protective legislation during a period of improved relations than to leave it until some crisis arrives," he said.

ACTU ASKS ACTION AGAINST PROFESSIONALS NOT WITHIN WAGE GUIDELINES

Melbourne THE AGE in English 17 Dec 83 p 1

[Article by Kate Legge]

[Text]

**CANBERRA.** — The ACTU yesterday asked the Federal Government to take action against professional organisations that refused to abide by the same standards applying to wage and salary earners.

At a meeting of the Government's new advisory committee on prices and incomes, the ACTU took a firm stand on the need for restraint of non-wage incomes, a key part of the accord.

The Treasurer, Mr Keating, and the Minister for Employment and Industrial Relations, Mr Willis, outlined the Government's case for voluntary controls in this area, urging professional organisations to make maximum use of the Arbitration Commission.

It is believed that the president of the Council of Professional Associations, Mr Peter Davidson, agreed to consult further with the 11 professional organisations representing doctors, lawyer, veterinarians, surgeons, architects, and other groups.

The ACTU told the meeting that professional organisations should not increase their fees by more than the 4.3 per cent awarded in the national wage case unless

special and extraordinary circumstances existed.

If individual professional organisations refused to impose voluntary restraint, the ACTU argued, the Commonwealth should refuse to use their services.

The committee, which comprises unions, employer and Government representatives, considered an interim report detailing present arrangements for fee setting used by the professions. At present only doctors, dentists and lawyers are subject to control.

The ACTU will be watching developments in this area closely because of the union movement's conviction that restraints should apply to all income earners.

Although the meeting failed to reach a final position on the future of fee setting, it is believed the ACTU received reassurances from the Government on the administration of the prices surveillance authority.

Last week the ACTU executive passed a resolution raising six points of concern about the operation of the authority. At yesterday's meeting, Mr Keating agreed to further talks on a key section of the bill, which gives the Treasurer sole power to initiate inquiries by the proposed authority.

DOLLAR SLUMPS, BASIC LENDING RATE DROPS

Canberra THE AUSTRALIAN in English 20 Dec 83 p 10

[Article by Vincent Blake]

[Text]

THE dollar fell 1.7 per cent on foreign exchange markets yesterday under pressure from the rising US dollar and the weight of speculative funds brought in before last Monday's float.

Speculators who brought in an estimated \$1600 million face large paper losses if they have to sell at current market levels.

Their plight looks grim as most dealers are predicting continuing strength for the US dollar.

A rising US dollar will probably trigger stop-loss selling by the speculators and accelerate the weakening trend of our dollar.

Yesterday the dollar opened at US89.9c and fell to US87.4c before rising to finish at US87.8c - its lowest since July this year. The day's low is 2c below Friday's close.

Last night's close is US3.4c (3.7 per cent) below the level the dollar settled at when it was floated on Monday, December 12.

On the day of the float the dollar rose US2c to US92c before falling back to finish at US91.2c.

The dollar is US2.31c (2.7 per cent) above the US85.49c mid-rate after the March 10 per cent devaluation.

Since the float of the dollar on the previous Monday the market has worked against the speculators.

Some of them have already quit their positions but there is still a large swag of funds yet to be repatriated.

Most speculators would face losses of more than 3.7 per cent as the authorities were gradually depreciating the dollar to deter speculation, before the float was announced.

Four basic factors were behind the dollar's fall.

The primary factor is the strength of the US dollar on international currency exchanges, which is fuelled by rising US domestic interest rates.

Secondly, the local market is adjusting to the new float system and is still finding its feet.

Thirdly, the wind-down of businesses approaching the festive season has reduced the amount of companies wanting to deal in the market.

Most of the people in the market were importers, that is, sellers of our dollar and buyers of the US currency. There were few exporters and the net result was a small outflow of funds.

The predominance of importers in the market produced volatile trading.

Every time a sale had to be made the seller had to chase a buyer.

The buyers and exporters are in no hurry to buy currency as it is in their best interest to look for lower rates which mean that their export earnings, made in foreign cur-

rencies, will convert into more local dollars.

Finally, there is the record holding of foreign currency reserves.

The Reserve Bank reported yesterday that Australia's holdings of gold and foreign exchange rose by \$716.2 million in the week to Wednesday, December 4.

The bank said the rise "mainly reflected the settlement of transactions written with banks before the change in foreign exchange arrangements which took effect on December 12".

### Depreciating

This money was bought in on the expectation that the dollar would be revalued.

Now the dollar has been floated it is depreciating and those who bought in currency hoping to make a profit on an appreciation are nervous and may sell.

The market knows there is a large amount of money in nervous hands and that if any of them sold it could move rates substantially in such a thin market.

The Australian dollar is expected to continue to remain under pressure while this speculative money is still around.

Dealers said the Reserve Bank was not seen supporting the Australian dollar in the market.

A similar combination of factors that played havoc on the foreign exchange market created nervousness in the fixed interest rate market.

Rates on short-term bonds rose by up to 0.6 per cent.

The December '87 bonds from the last bond tender rose from 12.25 per cent on Friday to 12.85 per cent, almost 1.5 per cent higher than the average yield at the November 29 bond auction.

The figures for the December '91 bonds are 13.2 per cent, 13.5 per cent and 12.63 per cent respectively.

In the money market cash rates continued to be easy with the official and unofficial overnight cash rates trading between 3 per cent and 1 per cent.

Meanwhile, the Australian Bank yesterday announced a cut in its base lending rate from 12 per cent to 11.5 per cent.

CSO: 4200/354

BEEF INDUSTRY PROBLEMS NOT TIED TO JAPAN: RESEARCHER

Perth THE WEST AUSTRALIAN in English 20 Dec 83 p 10

[Article by Ian McArthur]

[Text] Beef researcher Mr David Butler challenges the increasingly accepted view that Australia's share of the Japanese beef market is dropping because the Japanese have been bending the rules in favour of the Americans.

He says that the blame lies fairly and squarely with producers and government departments because of their lack of initiative and lack of adequate up-to-date information on the real needs of the Japanese beef market.

Australia needs to get its beef act together, says the 35-year-old Melbourne-born researcher, who has spent the past 12 months in Japan covering all aspects of the beef trade as part of his research for a masters degree at Monash University.

Allegations

Mr Butler is critical of beef industry organisations which in October claimed that Japan was discriminating against Australian beef exporters and had done secret "deals" with the United States to circumvent the Japanese quotas on beef imports.

"By trying to accuse the Japanese of these things, all they are doing is hiding or disguising the real problems and one of these is that most Australian beef is not really what the Japanese consumers want to eat," Mr Butler said.

"Most of the beef that Australia exports to Japan is frozen grass-fed beef.

"In other words, it is the difference between grain-fed beef and grass-fed beef."

Mr Butler is in a good position to know the Japanese beef trade. He speaks and reads Japanese well, unlike others who have researched the same topic in Japan.

He has also probably spent more time working on the problem in recent months than any of Australia's Tokyo trade office staff.

His criticism is timely, coming on the heels of a controversy raised in recent months by Queensland University researcher, Dr John Longworth, whose hard-hitting, 358-page book, "Beef in Japan," detailed what its author describes as America's "stealing" of some of Australia's traditional market by dodging import quotas "with skirt steak being called offal."

Some beef interests in Australia, hurt by what they see as a slowly, but inevitably decreasing Australian share of the Japanese beef market, have even come out and described this trend as some sort of conspiracy between the Japanese and the American producers.

Queensland cattle-growers could be the most affected by such a trend.

Of the \$300 million worth of beef sold to Japan from Australia, 72 percent comes from Queensland.

But Mr Butler claims that the real reason for the U.S. incursion on the Japanese market lies in the Japanese preference for juicy, grain-fed beef of the kind that the U.S. can produce in large quantity.

#### **Domination**

By contrast, Australian beef comes mainly from grass-fed cattle. Though in Japan it is generally cheaper than the U.S. product, it is the U.S. beef which tends to dominate the field when it comes to table beef. More often than not, the Australian product ends up as a hamburger or mince meat and, in the process, is not identified as Australian.

As Mr Butler puts it, there is no escaping the fact that grass-fed beef from Australia is generally tougher than grain-fed U.S. beef and when it comes to a choice the Japanese consumer would prefer a tender, juicy steak.

"You can forget about trade discrimination or whatever," Mr Butler said.

"It's just a matter of economics and consumer preference."

The Japanese requirement for beef to be tender and juicy is satisfied by both local and U.S. producers and this largely accounts for Australia's failure in recent years to make any big impression on the Japanese market.

"I wouldn't say I want to be critical of the producers," Mr Butler said.

"What I want to say is that there has been a lack of communication somewhere along the line.

"And looking at it from this end (Japan), it seems that Australia's efforts in product development began and ended in 1970 with chilled beef."

Another important area where Australia's loss is America's gain is the chilled beef trade where strikes have been known to affect Australian sales.

"Australia's problem is strikes," Mr Butler said. "It does not matter if we only have one strike a year or one every two years. That's not the point.

"The point is that there is the possibility of this happening.

"When it comes down to brass tacks, the Japanese have got to decide on the basis of profit and if the U.S. sells better beef then they are not going to buy the Australian beef."

CSO: 4200/354

HAWKE FIRM BEHIND NORTHERN TERRITORY URANIUM MINE

Perth THE WEST AUSTRALIAN in English 5 Dec 83 p 4

[Text] Canberra--The Prime Minister, Mr Hawke, yesterday backed increased uranium mining at the Northern Territory's Ranger mine despite simmering opposition to uranium mining in the Labor Party.

He said that the uranium debate was going according to his plan and that he wanted to see Ranger operate to its capacity.

Anti-mining groups within the party later attacked the suggestion as unacceptable and against both party policy and last month's caucus decision on uranium.

And the issue is likely to be a major topic discussion at the ACTU executive meeting which begins in Melbourne today.

A Victorian back-bencher, Mr Peter Milton, said yesterday that party policy would not allow the Ranger mine to operate at its capacity.

He was not surprised by Mr Hawke's comments but he was bound by the policy, he said.

No further contracts have been agreed to and the policy doesn't envisage mining out Ranger," Mr Milton said.

"It would be going far beyond what was in the policy and is also contrary to the caucus decision."

In Brisbane, the Queensland parliamentary caucus came out in direct conflict with the Federal Government at a State council meeting on Saturday.

Anti-uranium elements in the party were jubilant after the State council carried a motion requesting the Hawke government to defer any action on mining Roxby Downs till the party's federal conference next year.

This was on the basis that the decisions taken by the parliamentary caucus on November 7 were inconsistent with party policy.

The 26-member ACTU executive is the union movement's highest regularly meeting body which interprets policy between congresses.

Public attention will focus on uranium after comments by ACTU president Cliff Dolan in Geneva last week.

Mr Dolan said that he would like to see an ACTU campaign of bans against the Federal ALP-caucus decision to give Roxby Downs the go-ahead.

CSO: 4200/348

ACTU PLEDGES TO STOP URANIUM MINING AT ROXBY DOWNS

Canberra THE AUSTRALIAN in English 6 Dec 83 pp 1, 2

[Text]

THE ACTU would try to stop uranium mining at Roxby Downs, its president, Mr Dolan, said yesterday.

The ACTU would also discourage people from working in the uranium industry.

Although members of the affiliated unions had worked for several years in the uranium industry, Roxby Downs was a new mine and thus should be treated as an "independent case".

"I do not know if we can stop the mining of uranium at Roxby Downs and I am not prepared to make a prediction, but we certainly will be attempting to do so," Mr Dolan said.

A meeting would be held as soon as possible among unions with members employed in the uranium industry and in providing goods and services to it.

The unions would make a fresh attempt to implement their policy of opposition to the mining and export of uranium.

"We have two main options — firstly, attempt to convince people that they should not work in this industry; secondly, attempt to stop sup-

plies to the industry and make it impossible to do open mining," he said.

The uranium controversy is likely to be discussed tomorrow by the ACTU executive meeting in Melbourne. But a motion on the issue could be brought on today.

Mr Dolan wants to call a special conference of unions involved in the industry. The purpose of the conference is not entirely clear because a number of unions have broken the ACTU's anti-uranium policy.

The unions, including the Miscellaneous Workers Union, the Australian Workers Union, the Seamen's Union, the Transport Workers Union, and the Waterside Workers Federation, have vowed to continue working in the industry.

They are reluctant to surrender their membership coverage for fear of other unions taking their membership and the power inherent in the industry.

Some ACTU executive members, particularly of the right wing, believe a special unions

conference would be a waste of time and money.

But Mr Dolan will get support from most State trades hall council representatives who have to maintain an official anti-uranium stand.

The ACTU executive meeting, which will centre on the effectiveness of the prices-and-incomes accord, ends on Friday.

After a two-hour meeting yesterday, the executive retired to the Moonee Valley racecourse for the annual Christmas function.

Drinks were enjoyed by about 200 trade union officials, employers and government appointees overlooking the remains of the building trades Christmas picnic, which was held on the racecourse.

Mr Dolan summed up the evening when he referred to the gloom surrounding last year's function — a Liberal federal government and sackings hitting most industries.

"Things are not as gloomy as they were last year," he said. "This is not a time for being terribly serious in the festive season."

## BRIEFS

YEMEN WHEAT MARKET WON BACK--Canberra--Australia has regained a traditional wheat market which it lost to the United States a year ago with the Australian Wheat Board's sale of 100,000 tonnes to North Yemen for \$13.5 million. When the US became the Arab republic's sole wheat supplier last January, the chairman of the board, Sir Leslie Price accused it of "market-grabbing" and risking a trade war. The acting general manager of the board, Mr Mev Connell, said yesterday the board was confident that Australia would resume its position as North Yemen's principal wheat supplier in 1984. He said the sale, signed by the Japanese international grain trader, Mitsubishi, was achieved against stiff competition from the United States, Argentina, Canada and the European Economic Community. The standard white wheat will be shipped from Western Australia and South Australia in autumn. The Yemen Arab Republic bought all its wheat from Australia before the US raid. It bought 380,000 tonnes in 1981-82. What angered the Australian industry most about the American action was that it won the market by offering long-term, low-rate credit. The board's new sale goes some way towards restoring Yemen's status as a cash market. Sir Leslie said last night that in retrospect the American usurping of Australia's place had been a good thing. "It honed our aggressive skills. We're quite gratified to get this market back," he said. The Wheat Board also announced yesterday the sale of 100,000 tonnes of wheat to Bangladesh, the first commercial sale since June 1979. The board said that as a result of the sale it was hoping "to again become a regular supplier of wheat to Bangladesh--a market to which we have a clear freight advantage." Most of the wheat is in the form of food aid. It will be shipped from Western Australia next month. Bangladesh signed the sale contract in Dhaka on Wednesday. [Text] [Melbourne THE AGE in English 17 Dec 83 p 3]

COAL MINE DEBTS ON RISE--The combination of poor profitability and onerous capital spending commitments lifted the coal industry's borrowings dramatically in the 1982-83 financial year. A rise from 0.27:1 to 0.86:1 in the industry's debt-equity ratio was revealed in a survey conducted by the accountants Coopers and Lybrand for the Australian Coal Association. This means that every dollar invested in the industry is accompanied by 86 cents of debt finance. To the extent that funds provided by joint venturers could not be identified as borrowings. Borrowings rose to nearly \$3 billion, an increase of nearly 100 percent on a year ago and nearly six times as much as in 1979-80. The gearing effect of the industry's aggregate balance sheet was also evident in the return on shareholders' funds which, although it has

fallen from about 16 percent to 7 percent in the past five years, was slightly up on the previous year. The return on capital employed remained flat, however, at a static and unsatisfactory 5.7 percent. The survey's authors said the borrowings ration was understated to the extent that funds provided by joint venturers could not be identified as borrowings. Survey information was based on the responses of 36 companies covering 137 coal projects and representative of 82 percent of Australian coal production. "The international economic recession and the resultant lower than expected demand for export coal, relative to available world productive capacity has caused downward adjustments to world trade prices," Coopers and Lybrand said. [Text] [Melbourne THE AGE in English 8 Dec 83 p 19]

CSO: 4200/348

MOVE TO APPOINT PRESIDENT AS 'SUPREME STEWARD' OF PPP

Recommendation To Be Made

Jakarta MERDEKA in Indonesian 14 Nov 83 pp 1, 11

[Text] H. Ali Imran Kadir, a leader of the United Development Party (PPP), will recommend that the forthcoming PPP Conference adopt a resolution appointing General Suharto as the party's supreme steward.

Imran Kadir, who is also a member of the PPP faction in Parliament, told reporters at Parliament on Saturday [12 November] that he was making his recommendation as an expression of every Indonesian citizen's recognition of the leadership that has been provided by Pak Harto in bringing the nation and state to its present and future levels of development.

"God willing, with his leadership over the next 5 or 10 years the Indonesian nation will truly be able to reach the point where it can take off toward prosperity," he said.

He said that a recommendation to appoint Pak Harto as the supreme steward of the PPP would represent every citizen's honest recognition of this situation. He added that he is convinced that Pak Harto will be willing to accept the appointment, just as he was willing to become supreme steward of Golkar, since he belongs to all of the Indonesian people and his leadership is recognized by them.

Meanwhile, A. Muis A.Y., a plenary member of the PPP central executive council (DPP-PPP), told reporters at Parliament that Dr H.J. Naro, the general chairman of the DPP-PPP, has confirmed that the PPP Conference will be convened soon, in conformance with the party's statutes and bylaws. He added that the doctor did not say exactly when the conference will be held.

A. Muis met with reporters after conferring with Dr Naro at the doctor's residence on Saturday morning. Muis said that the time and place of the conference will be decided at a plenary meeting of the DPP-PPP, and that the meeting will be held in the near future.

One of the leaders of the PPP faction in Parliament says that the announcement that a conference is planned indicates that the PPP general chairman is aware

of the fact that it is time for the PPP to hold a conference, and that he also is aware of the fact that he will be re-elected as general chairman if the conference is held now.

He said that Dr Naro will be re-elected because the government still trusts him and is certain to support him if the conference is held now. Naro may not have the government's confidence if the conference is held some time in the future, he said. He added that failure to hold the conference now might create instability within the PPP, particularly since the party must amend its statutes and bylaws to show acceptance of the Pancasila as its sole foundation.

#### Steward of PDI and PPP

Jakarta KOMPAS in Indonesian 15 Nov 83 pp 1, 12

[Text] Members of Parliament who were contacted by reporters on Monday [14 November] responded seriously when they were asked about the suggestion made by a PPP member that the forthcoming PPP Conference adopt a resolution requesting General Suharto, the father of national development, to accept an appointment as the supreme steward of the PPP.

Ipik Asmasubrata, deputy chairman of the Indonesian Democratic Party (PDI) faction in Parliament, said that he considered the suggestion to be logical and proper and that he felt there was only a slight chance that the president would refuse.

Noting that the president, as the national leader, is sincere in all of his activities and attitudes, he said that since the three sociopolitical forces had unanimously accepted the Pancasila as their sole foundation then the president should become the steward of the PDI and the PPP, "in addition to being the steward of the Golkar family, of course."

Ipik did not want to give a definite answer when asked if it was certain that Pak Harto would accept the proposed appointment. "But if he does refuse, it could be said that this means someone is being treated as a stepchild," he said.

When Ipik, who is also the chairman of the Jakarta regional executive council of the PDI, was asked if the appointment of the same supreme steward for all three of the sociopolitical forces would not lead to the formation of a single party, he replied with a decisive "No." He said that each of the sociopolitical forces has its own individual characteristics. The PDI cannot relinquish its sociodemocratic and sionationalistic characteristics, which are based on belief in The One God. The PPP is characterized primarily by its religious nature, while Golkar cannot be separated from its affiliation with functional groups, he said.

### Inseparable Relationship

Krissantono, deputy secretary of the Golkar faction in Parliament, said in a separate interview that in a historical and ideological sense the relationship between Golkar and President Suharto is very close, and even inseparable.

He said that Golkar and Suharto have very strong historical and ideological ties and that these ties go back to the time when the Provisional People's Consultative Congress (MPRS) drafted MPRS Act No 22 of 1966, which deals with political parties, mass organizations and functional groups. "Since the time of the MPRS, Pak Harto played a very great role in implementing this act; and the simplification of political parties was indeed achieved in 1973 when it was agreed that there would be two political parties and Golkar," he said.

"If another sociopolitical force now wants to appoint Pak Harto as its supreme steward, then a decision on the matter rests completely with Pak Harto himself," he said.

Krissantono would not speculate as to what motive a sociopolitical force might have for wanting to appoint Suharto as its supreme steward. "Certainly the sociopolitical force itself would know," he said.

Noting that some motives may be hidden, he cautioned that a sociopolitical force's acceptance of the Pancasila as its sole foundation should not be used as an excuse for the justification of motives. He also said that it is not yet evident that formal recognition of the sole foundation is being demonstrated in political conduct. "Acceptance of the sole foundation must not be used as an excuse for the direct and unilateral justification of political action," he said.

### Way Out

H. Amin Iskandar, a member of the PPP faction in Parliament, said that at this present critical time the proposal provides a way out and the best solution to the problem of stabilizing the role played by political parties in laying a foundation for national development during the Fourth 5-Year Plan. Unity of language, purpose and action are needed in the present situation to ensure that national development will encounter no obstacles, he said.

He said that even though Suharto, the president, is already the general chairman of the Golkar stewardship council, there would be nothing wrong about appointing him as the PPP's supreme steward. "The political parties and Golkar all accept the sole foundation," he noted.

When it was pointed out that the PPP's organizational structure does not provide for a supreme steward, he said that this matter could be taken care of at the party conference next year.

## Historical, Ideological Ties

Jakarta SINAR HARAPAN in Indonesian 15 Nov 83 pp 1, 12

[Text] Sabam Sirait, a former leader of the PDI faction in Parliament, says that Golkar was not the objective in the struggle to achieve political reform in Indonesia, but, like the other sociopolitical forces, was only an instrument in this struggle.

Sabam Sirait, who is now a member of the Supreme Advisory Council (DPA), was commenting on statements made by Krissantono, deputy secretary of the Golkar faction in Parliament, concerning the historical and ideological relationship between Golkar and President Suharto. Sabam made his comments to reporters at the Parliament building on Tuesday afternoon [15 November].

He said that it was not evident to him that the president had closer historical and ideological ties with one of the sociopolitical forces than with the others. According to Sabam, following the 30 September Movement a comprehensive process of depoliticization was carried out at the village level and in the ranks of government employees to reduce the influence of political parties. Following this a process of "Golkarization" was carried out within society, down to the village level, and among government employees. This process was implemented through the use of legislation and regulations, and subsequently was legitimized in the general election, he said.

### Open to Every Citizen

Sabam said that although Indonesia was caught up in this current, President Suharto would not consent to the dissolution of political parties and instead followed a policy of utilizing the acts of the People's Consultative Congress and other legislation and regulations to simplify the political party system.

Sabam said that the president worked hard in following this course, and that in every discussion he expressed his desire for a new party system that would be based on the Pancasila and open to every citizen.

"Pak Harto really wanted a new party system, and Golkar was one of the important instruments used to achieve this reform. However, Golkar was not the objective of this struggle, but, like the other sociopolitical forces, only an instrument of struggle. Consequently, Golkar would benefit only if it remained loyal to the Pancasila and the 1945 Constitution," he said.

For these reasons, he said, a historical and ideological relationship and loyalty clearly are not just characteristic of Golkar, but also are characteristic of the other instruments of struggle, including the PPP and PDI.

"Historical and ideological ties do not dominate Pak Harto, nor is he compelled to have historical and ideological ties with only one of the sociopolitical forces," he said.

### Hurt Feelings

Regarding the proposals that General Suharto be appointed supreme steward of the PPP, Sabam said that the important thing is that Suharto is a president and leader of the Indonesian nation who sees the nation as a whole, who sees it as a nation without compartments or other divisions.

"So the problem is not one of whether or not he is supreme steward," he said.

Meanwhile, Dr A. Muis, the member of the PPP faction in Parliament who originally proposed that Suharto be named supreme steward of the PPP, told a SINAR HARAPAN reporter that, if necessary, the PPP Conference will revamp the organizational structure of the PPP--which now includes a presidency and party advisory council--and establish the position of supreme steward.

When Muis was questioned about the fact that there is no position for a supreme steward in the organizational structure of the PPP, he acknowledged that this was true but said that the function of steward of the PPP was delegated to the president with the issuance of Law No 3 of 1975.

"The party presidency will be abolished if necessary, but this is up to the conference," he said.

He also said that feelings could be hurt by Krissantono's statement that the PPP had a hidden motive in asking General Suharto to become supreme steward of the PPP, adding that he regretted that Krissantono had taken this attitude. Nevertheless, he said, all of these things will be dealt with by the conference and General Suharto himself. Krissantono is a member of the Golkar faction in Parliament and former secretary general of the central executive council of the Indonesian National Youth Committee (KNPI).

### Childish Proposal

Jakarta MERDEKA in Indonesian 16 Nov 83 pp 1, 11

[Excerpts] Chalik Ali, an executive member of the PPP, has told reporters that the proposal that Pak Harto be appointed supreme steward of the PPP is childish, that there is a purpose to it, and that various factors lie behind it.

He compared the situation to a child who wants a green jacket but insists on having one that is exactly like his brother's. And in the area of political training it is a step backward, for it is as if a PPP region would submit a proposal without first discussing it at a meeting of the PPP central executive council, he said.

### President Too Busy

Chalik Ali noted that under Law No 3 of 1975 the positions and functions of the political parties and Golkar are equal and equivalent. It is proper for the leaders of the PPP to struggle to maintain this equilibrium, he said,

but in so doing there is no need for them to use the excuse that since the political parties and Golkar have all accepted the Pancasila as their sole foundation, then it follows that Pak Harto should also become the supreme steward of the PPP.

The Nahdlatul Ulama leader said that the proposal that Pak Harto become supreme steward of the PPP seemed strange to him. He noted that Pak Harto, as chief of state, has all manner of things to do without being burdened with the task of acting as steward for the PPP. He also said that this could lead to labor, youth, students, farmers and all other kinds of organizations asking Pak Harto to become their supreme steward.

Chalik Ali also said that he thought the proposal constituted an effort by a group in the PPP central executive council to defend its position in the council. This will become clear if the PPP Conference is held, he said.

#### Subject for Speculation

H.M. Tengku Saleh, the head of the PPP party consultative council, says that he regrets that Pak Harto's name has been made a subject for speculation. He said that as chief of state Pak Harto occupies a highly respected position and that his name should not be used in this manner.

He also said that there are three main problems connected with the proposed appointment of Pak Harto as the supreme steward of the PPP. First, there is no position for a supreme steward in the PPP's current structural organization. Second, Golkar has a regulation stipulating that a person who has become supreme steward of Golkar can [cannot?] become a member of another party. And third, the government and Pak Harto himself have repeatedly stated that the existence of a single party in Indonesia is not desired.

Tengku Saleh also said that it would be best if the proposal was not hastily played up in the press before the PPP central executive council has an opportunity to discuss it, particularly since all of the details are not yet clear and since Pak Harto has not been approached on the matter.

Meanwhile, Muis A.Y. says that he is concerned that the motive behind the proposal that Pak Harto become supreme steward of the PPP still is being questioned.

He said that it is disheartening to find that some members of the younger generation have adopted a suspicious and prejudicial attitude toward the proposal, as if it had a hidden motive.

"The decision rests fully with Pak Harto, if a sociopolitical force besides Golkar also asks him to act as its supreme steward," he said.

Muis said that the proposal that Pak Harto become supreme steward of the PPP is completely proper. Pak Harto is the property of the nation and we want to feel his leadership directly through the PPP, he said.

Only A Game

Jakarta SINAR HARAPAN in Indonesian 17 Nov 83 pp 1, 12

[Excerpt] Krissantono, the deputy secretary of the Golkar faction in Parliament, says that when Golkar appointed General Suharto to be chairman of its stewardship council at Golkar's Third National Conference, the general was appointed in his capacity as a private individual and not in his capacity as the mandatary of the People's Consultative Congress (MPR) and president.

Krissantono was commenting on news reports about the proposal that General Suharto be appointed supreme steward of the PPP. These reports have created misunderstandings about the position of General Suharto in that they have given the impression that in his capacity as the MPR mandatary the general only "belongs to" Golkar, he said.

Speaking with reporters at Parliament on Wednesday afternoon [16 November], Krissantono referred to resolution No X/Munas III/Golkar/1983 of Golkar's Third National Conference, noting that it "appoints Brother Suharto as chairman of Golkar's stewardship council."

He affirmed that as MPR mandatary and president, General Suharto clearly belongs to the nation and is the national leader. He also noted that Law No 3 of 1975 on political parties and Golkar states that the president and MPR mandatary acts directly as the steward of sociopolitical forces and "can dissolve the political parties or Golkar if they do not perform their functions."

Noting that this law was not promulgated until 1975, he said that Golkar first decided to appoint General Suharto as chairman of its stewardship council at its First National Conference in Surabaya in 1973.

"So there have been three national conferences that appointed Pak Harto as chairman of the stewardship council," he said.

Not a Plaything

Krissantono said that after reading news reports about the proposal he had come to the conclusion that it would be best if the various opinions about the proposal are consolidated before the proposal is submitted.

"I see that there are different viewpoints about the proposal within one of the sociopolitical forces," he said. He added that by saying this he did not mean to interfere in the affairs of others.

He said that the differences of opinion about the proposal gave him the impression that the submission of General Suharto's name was only a "game."

"General Suharto occupies a very respected position both as president and as a private citizen, so don't make a plaything out of this," he said.

## Only a Proposal

Dr A. Muis, a member of the PPP faction in Parliament, feels that if General Suharto becomes the steward of the political parties and Golkar it will be proof of his loyalty to the soldier's oath and the warrior's creed.

Muis, who has proposed that General Suharto become the supreme steward of the PPP, met with newsmen on Wednesday morning at the Parliament building.

After reciting a number of facts he said that General Suharto had saved the state by eradicating the 30 September Movement and PKI and that he had established a new order of sociopolitical forces with the PPP, Golkar and the PDI. Therefore, he said, General Suharto cannot belong to only one of the sociopolitical forces.

"Consequently, if General Suharto becomes the steward of the political parties and Golkar it will be proof of his loyalty to the soldier's oath and the warrior's creed," he said. Muis also said that the request that General Suharto become steward of the PPP is no more than a proposal, and that it is not definite that the proposal will be approved by the PPP Conference. He also asked that the conference be given the opportunity to decide whether or not it is willing to approve the proposal.

"It is up to the conference to decide whether or not it is willing," he said.

Muis acknowledged that the request has not been discussed with General Suharto. But on the other hand, he said, the conference must approve the proposal first.

## Ludicrous, Inconsistent Action

Surabaya SURABAYA POST in Indonesian 16 Nov 83 p 2

[Text] "I do not mean to detract from the rights of any political or private organization, but if what is reported in the newspapers is true then I must consider the effort to nominate Pak Harto as the supreme steward of the political parties to be a ludicrous and inconsistent action."

Blegoh Soemarto, the speaker of the East Java legislative assembly, made this comment to reporters on Wednesday morning [16 November] regarding the views of a number of politicians who are proposing that President Suharto become steward of the political parties. "I say that it is ludicrous because they must know, or perhaps they are pretending not to know, the position taken by Pak Harto as a private individual," he said.

Blegoh said that Pak Harto, as a private individual, has historical ties with Golkar and that it is only proper that Golkar ask him to be chairman of its stewardship council. I am convinced that these politicians are well aware of these historical ties but are pretending not to be, he said.

## Single Party

Blegoh said that the people who express these views must be considered to be inconsistent because the nomination of Pak Harto to steward the political parties would lead toward the formation of a single party, and they themselves are always worrying about the formation of a single party. "And therefore I can say that these views are labile and inconsistent," he added.

A number of PPP leaders have said that they intend to propose that Pak Harto become supreme steward of the PPP when the party conference is held. The conference is scheduled for next year. The PPP general chairman has said that such a proposal would be quite proper and that he shares their opinion regarding this matter. The PDI will make a similar proposal.

### Invites Contention

Surabaya SURABAYA POST in Indonesian 19 Nov 83 p 6

[Editorial: "The Matter of a Steward"]

[Text] A proposal that President Suharto be made supreme steward of the political parties, just as he is now supreme steward of Golkar, has emanated from the ranks of the political parties. And opinions, both pro and con, have emerged regarding the proposal.

The making of a proposal and the emergence of a diverse reaction is only normal, particularly in political life, where a variety of political factors and motives exist. Not to mention the advantage that accrues to the person making the proposal.

In the case of this proposal that the political parties have a supreme steward, Pak Harto, as the president of the Republic of Indonesia, certainly already belongs to and is the steward of all of us, including the political parties. But it may not be automatically right that Pak Harto, as a political creature and individual, should be the steward of all sides, particularly if the position of steward will be implicated with or tied to certain political lines in the respective parties.

If the person concerned had been consulted first about this idea or proposal, that is to say, if Pak Harto had first been asked for his views and/or concurrence, it probably would have been better for all sides and would prevent the development of a political issue that contains and invites contention.

5458  
CSO: 4213/91

COLD STORAGE CONSTRUCTION AGREEMENT SIGNED WITH BULGARIA

Vientiane PASASON in Lao 14 Nov 83 pp 1, 3

[Article: "Laos-Bulgaria Agreement to Work Together In Constructing Cold Storage For Fresh Vegetables"]

[Text] The project to construct cold storage for fresh vegetables aided by and with the cooperation of the People's Republic of Bulgaria to the LPDR will begin in early 1984 in Vientiane Capital. The [Bulgarian organization for engineering, economic, agricultural and industrial development] (AGROCOMPLECT) and the Lao Ministry of Agriculture, Irrigation, and Agricultural Co-ops are responsible for the construction.

In order for the construction to progress to the stage of actually commencing, on the evening of 11 November representatives of the Lao Ministry of Agriculture and technicians and representatives of AGROCOMPLECT of Bulgaria together signed and recorded an agreement on sending construction materials from the People's Republic of Bulgaria to the LPDR for cold storage. On the same occasion both parties also signed an agreement to continue sending agricultural experts from the People's Republic of Bulgaria to help the Ministry of Agriculture in the first vegetable project on 20 hectares in the Tha Ngon Plain, Vientiane Province, which will also begin in mid-1984.

The ceremony for the signing of the recorded document was carried out before Mr Kideng Thammavong, deputy minister of Agriculture, Irrigation, and Agricultural Co-ops, and Mr (Trudeau Savettanopmatso), the Bulgarian ambassador extraordinary and plenipotentiary to Laos, along with technical cadres concerned on both sides. Mr Kotsada Liphimmasom representing Lao technicians from the Ministry of Agriculture and Mrs (Raina Rindolova) of AGROCOMPLECT joined in signing the recorded document.

9884

CSO: 4206/44

**SRV ASSISTANCE, ENEMY ACTIVITY IN WATER TRANSPORT NOTED**

Vientiane HENG NGAN in Lao 1-15 Sep 83 p 12

[Article by Phap Donsavan: "Water Communications"]

[Text] Because the Mekong River flows past a number of provinces in our country communications is greatly facilitated if we were to concentrate only on land and air communications, they would not meet our needs.

In order to advance water transportation, the water transport company has a detailed plan which it is gradually carrying out step by step aiming at its own capital and special characteristics. Now the company has 10 boats. Three are barges for transporting between Tha Naleng and Nongkhai and 7 (this figure is higher than 5-6 years ago) are for long trips. We always have new statistics for either the weight of goods, or the quantity of boats, etc. This company is divided into five big sections: transportation, finance, materials, technical matters, and administration. It consists of a total of 150 personnel and over 60 percent are trade union members.

Based on the agreement signed for material assistance, planning and labor from the SRV for 10 steel boats, the company has now received 2 boats and is continuing to carry out the agreement; it is expected that at the end of this year another two 140-ton freighters will be completed. The company has already sent its boats southbound regularly in both the dry and rainy seasons in order to transport goods and passengers. As for northbound, they have been using private boats of the private water transport association. Speaking of southbound navigation between Vientiane and Savannakhet, an advantage is that there are not many rapids; however, a difficulty is that once in a while there are enemies. The northbound Vientiane-Luang Prabang route encounters many difficulties because of rapids; especially in the dry season navigation must be done carefully, and the weight of the goods must be reduced by half before setting off. As for using private boats, the company carries out two obligations: to sell oil to them at the state price, and to set state fees for the transport of goods and passengers.

Now, along with carrying out the signed agreement and paying attention to the specialized tasks, the company is also constructing a base to repair the Km 4 Port and to build a number of 100-ton wood transport vessels.

ELECTRIC, WATER RATES REPORTED

Vientiane VIENTIANE MAI in Lao 26 Oct 83 p 2

[Article: "Conversation with the Editor"]

[Excerpts] [Question] How much does a cubic meter of piped water cost, and (for general rates) how do you set the price for cadres? In my family we are all cadres, including father, mother, and children; however, the water expense in our house has been as high as 350 kip for 2-3 months. If this is the case, what do you think can be done about it? Compared with the cost for electricity we can see that it amounts to a big difference each month. How much does electricity cost for one kilowatt? Vientiane, 10 October 1983. I do not wish to give my name.

[Answer] The price is 3.50 kip or 350 att per cubic meter. This is the general rate for cadres as well as the people.

We do not know how to tell you to cut down your expense on this because it depends on the volume and the needs of the user. When you see that the expense is too high you should cut down on the water usage. You must use it carefully.

It is better for you to have cans and jars for water storage. You might be able to save more. Try other ways; put jars and cans aside and then turn the tap on only now and then to let a little water flow. After a long time, you can save a fairly good amount this way.

There are two electricity rates: the rate for cadres is .10 kip and the rate for enterprises and the people is .40 kip. Electricity is cheaper than water. The electricity rate in our country is the cheapest rate in the world.

Thank you.

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CSO: 4206/36

GDR MEDIA ASSISTANCE REPORTED

Vientiane PASASON in Lao 7 Oct 83 p 3

[Article by Ph. Sinpaseut: "Sincerity from the German Democratic Republic"]

[Excerpts] From the first day 14 August 1983 to the last day, 24 August 1983 the delegation of the LPRP Propaganda and Training Central Committee led by Comarde Son Khamvanvongsa, assistance chief of the Propaganda and Training Central Committee, and acting chairman of Information, Newspapers, Radio Broadcasting, and State Television, was welcomed in the prosperous capital of Berlin, in the famous Leipzig [and] in Neustadt, by Comrade Reichelt of the party central committee of the Socialist Unity Party of Germany, the chief of the propaganda and mobilizing committee of the Socialist Unity Party of Germany, the chief director of the ADN news agency, the assistant chief of the editorial staff of NEUES DEUTSCHLAND which is the voice of the Socialist Unity Party of Germany, a leading committee of the radio broadcasting committee, the State Television Committee, the GDR News Media Association, and Comrade Horst and Mrs (Anmuth), a participant and interpreter for the committee. All welcomed our committee and expressed sympathy for the difficulties and complexity for Lao propaganda and news agency [activities] and also for the Lao revolutionaries in the transition phase; they also gave us valuable material and spiritual lessons for the propaganda and news circles of the party and our government. The newspaper NEUES DEUTSCHLAND gave actual materials to solve the urgent needs of the PASASON newspaper such as photographic paper, film, film developing chemicals, radio receives and motor vehicles. The GDR Television Committee handed over a number of [movie] films as a gift to respond to the urgent needs of our televisio training. The GDR news media association is helping to open the 4th session of the Lao news reporters seminar in Vientiane Capital, and also gave some technical equipment to the Lao propaganda and news media. The ADN news agency and the GDR Radio Broadcasting Committee had a tradition of assisting and cooperating even before volunteering to give technical assistance to the KPL news agency and our National Radio Broadcasting in Laos.

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CSO: 4206/35

## BRIEFS

LUANG PRABANG MILITARY RECRUITMENT--On this 22 August a seminar to summarize the political lifestyle operation of the Lao Patriotic Women's Association in Luang Prabang Province was gracefully opened in Luang Prabang Province. By carrying on this tradition from 1980-1983 the members have all implemented different plenums of the party and government: the mobilization of 2,400 youth to become soldiers. [Excerpts] [Vientiane PASASON in Lao 8 Oct 83 p 2] 9884

OUTSTANDING GUERRILLA UNITS--Last month comrades in guerrilla units and our self-defense forces nationwide were all attentively and feverishly maintaining security, guarding, and maintaining order in their own localities actively and widely. Within the short time of only one month, last August guerrilla forces and our self-defense forces were determinedly training and studying, e.g., politics and military training. Especially last August this process was fairly active and widely carried out. Each area, locality, hospital, school, factory, agricultural settlement, and different production units nationwide assigned and organized their own [local] forces hurriedly and efficiently. According to a comrade who is responsible for this work, last month the outstanding and vanguard units were the Vientiane Capital guerrilla and self-defense forces, the Meuang Phi Canton guerrilla unit, the Nam Youai Canton guerrilla unit in Sanakham District, Vientiane Province, the Phou Salem Canton guerrilla unit in Paktha District, Oudomsai Province, and the Ban Meuang Canton guerrilla unit, Siang Hon District, Sayabouri and Savannakhet Provinces. Comrades in the guerrilla and civil defense forces in the Vientiane Capital municipal area, in particular, all organized guards to check their areas of responsibility regularly day and night, resulting in a normal and orderly social situation in the municipal area. [Excerpts] [Vientiane PASASON in Lao 10 Oct 83 p 2] 9884

VIENTIANE UPLAND RICE YIELD--Starting from mid-September the farmers in the flatland in Paksan District, Vientiane Province, happily and hurriedly organized labor to harvest the ripe golden rice, and they actively started to harvest their own early ripening rice. After the careful rice harvest based on the energy of the collective farmers and the labor exchange units, up to now their rice harvest has been successful in a total of over 2,500 hectares, almost two tons per hectare on the average for the harvest in general. Meanwhile, people in many villages are organizing the labor forces to determinedly harvest the early-ripening rice in order to ensure against loss and to succeed in the plan. Now the harvest of upland rice and wet rice of the people in nine districts throughout Vientiane Province is being hurriedly

carried out. Many localities have organized themselves to harvest rice by moonlight in order for it to be completed in time with the season. [Text] [Vientiane PASASON in Lao 24 Oct 83 p 1] 9884

VIENTIANE RECRUITMENT--Last September over 20 youths in different production bases under Thoulakhom and Paksan Districts, Vientiane Province, joined in the ranks of regional forces in order to participate in scoring achievements for the 35th anniversary of the LPA. The volunteering of the youth in these two districts clearly demonstrated their patriotism, the love of their heritage, and their loyalty to the new socialist regime. [Excerpts] [Vientiane PASASON in Lao 25 Oct 83 pp 1, 3] 9884

VIENTIANE BANK DRIVE--The savings deposits of cadres in ministries, departments, and the people throughout Vientiane Capital has now been carried on actively since August. The savings deposits have increased to 1,306,865 kip; 738,197 kip was deposited in the Vientiane Capital Bank. These savings deposits take part in defending and constructing socialism to be steadily prosperous and strong. [Excerpts] [Vientiane PASASON in Lao 25 Oct 83 pp 1, 2] 9884

U N BOAT GIFT--At noon on 24 October in Ban Meuang Kao, Pakcheng Canton, a ceremony was held to hand over 6 boats as assistance from the UN to the people and the administrative committee of Thoulakhom District, Vientiane Province, through the representative of the Ministry of Agriculture, Irrigation, and Agricultural Co-ops who handed over the gifts. Three of these are passenger boats. Each can carry 30 people. The other two are fishing boats and one is a patrol boat. These boats will be used in transporting and facilitating the coming and going and exchanging of goods in this locality with others in order to steadily raise the standard of living of the people. [Text] [Vientiane PASASON in Lao 26 Oct 83 p 1] 9884

CHAMPSAK DISTRICT POPULATION, SECURITY--Sanasomboun District is located in the northernmost part of Champassak Province. Approximately 20 km of its border adjoins Thailand. It consists of 6 cantons, 84 villages and a total population of 39,844 people of three ethnic groups--Lao Loum, Katang and Phou Thai. Now this district has been able to organize 45 agricultural co-op units of which 4 units are good enough to be models for the district. In national defense and security, because 20 km of its border adjoins Thailand, from 1975 to the end of 1979 the enemies of the revolutionaries had sneaked in to sabotage and create uprisings in this district area. However, because of the careful organizing and improvement of the district guerrilla unit network to be bigger and stronger, along with the people of ethnic groups who awakened and became driving forces in defense, and who became the eyes and ears of the administrative committee, they were able to work against all the destructive activities of the enemies in a timely manner and to maintain normal peace in the district. [Excerpts] [Vientiane PASASON in Lao 13 Oct 83 p 2] 9884

CROP FORECAST--Based on the summary and report of the Ministry of Agriculture, Irrigation and Agricultural Co-ops on 28 September, when we look at this year's production season many unusual incidents occurred. Early this year there was rain, bitter cold, heat and humidity; the rains came late, and they were

irregular and scattered. Some areas in the northern region had a period of drought. Some southern areas had less rain than usual. These unusual phenomena were caused by low pressure from hot air [masses] which spread from the northern part of India covering Southeast Asia and the southwest Pacific Ocean. This caused the rainy season to be unpredictable. It was not until mid-June (by the international calendar) that the rain began. This affected our people's production season. In general, however, this year's weather has been better than last year's by comparison because in the mid-rainy season the rains came normally and regularly. Thus, organizing, emphasizing production, preparing vehicles and production equipment, repairing irrigation ditches and building dikes, and keeping water for our farmers' rice plants has been better than last year. Pests are not as widespread as other years. Based on this situation along with the actual inspection in this production season throughout the nation, we are able to victoriously achieve the planting of 95.66 percent of a total of 438,751 hectares of wet rice, 0.86 percent more than last year. [Text] [Vientiane PASASON in Lao 12 Oct 83 p 1] 9884

BANK LOANS TO CADRES--The State Bank disclosed on 21 October 1983 that in order to create good conditions for family economic construction as well as for the expansion of the traditional economic network to become steadily effective, to be able to meet the needs in food supply, to push forward production and to raise the standard of living of cadres and the people of ethnic groups step by step according to the content of the plenum of the LPRP third congress, in 1983 the State Bank agreed to approve a loan of 1,076,076 kip for 166 cadre families, different production units around the ministries, and different sections within Vientiane Capital as capital for family economic construction. The cadres who borrowed money from the bank this time were cadres of the State Bank section, the Ministry of Culture, the central Trade Union Federation and Veunkham settlement 23. Of this, 1,076,076-kip loan, 973,000 kip borrowed for animal raising by 151 families; 103,000 kip was for different traditional handicrafts and also industry in 15 families. Making loans to [government] cadres for family economic construction is now being carried on continuously and effectively. [Text] Vientiane VIENTIANE MAI in Lao 25 Oct 83 p 1] 9884

CSO: 4206/36

RESOLUTIONS OF MCA'S 31ST NATIONAL ASSEMBLY

Selangor KIN KWOK DAILY NEWS in Chinese 18 Oct 83 p 2

[Text] In its 31st national assembly, the Malaysian Chinese Association [MCA] called on the government to fairly consider our multicultural characteristics in its process of creating national culture, so that the resulting typical Malaysian culture will reflect the intrinsic characteristics of all nationalities.

This was one of the resolutions passed at MCA's national congress yesterday. The other resolutions are as follows:

1. Write a letter of thanks to Datuk Dr Lee San Choon for having rendered great and precious service and contributions to our party and also express our best wishes to him and his family after his retirement; at the same time to show our complete confidence in the party's collective leadership under the guidance of Datuk Dr Neo Yee Pan, and to give our full support to Dr Neo's leadership.
2. Wholeheartedly pledge to continue support our party's Ten Major Plans and to carry out our Eight Major Policies in order to accomplish MCA's overall political blueprint; to appeal to our party members to make contributions toward the accomplishment of MCA's plans.
3. Appeal to the Electoral Committee, in its redelineation of electoral districts, to take into consideration the distribution of the electorate, that is, the number of electors, the size of electoral districts and the racial composition, so that the result will reflect the principle of fair representation for various nationalities.
4. Call on the government to halt, take effective measures and firmly carry out acts against illegal immigrants of any nationality in order to safeguard our national security, because certain illegal immigrants have caused unnecessary problems affecting our tranquility and society.
5. Support the government's efforts in pushing forward the "Malaysia, Inc" concept with the view to fostering a spirit of collaboration in public and private sectors, and simultaneously appeal to the government to adopt a fair civil service system in order to reflect our multiracial structure.

6. Call on the government, in carrying out its retrenchment program, to take steps in order to guarantee an increase and improvement of our educational standards and facilities, thereby giving ample opportunities to those who wish to further their studies within our country.
7. Appeal to the government to provide sufficient teachers for Chinese primary schools and to train more Chinese-school teachers in order to overcome the shortage of Chinese primary school teachers.
8. Appeal to the government to construct more Chinese-language primary schools in predominantly-Chinese residential districts, particularly in newly developed residential districts.
9. Call on the government to fairly consider our multicultural characteristics in its process of creating national culture, so that the resulting typical Malaysian culture will reflect the intrinsic characteristics of all nationalities.
10. We wholeheartedly support the formation of "Chinese National Savings Fund" which was proposed by our acting president and accepted by the Federation of Chinese Associations, for the purpose of accumulating the savings of the Chinese community, so that our Chinese compatriots can take part in our national economic development plan; we also urge the entire Malaysian Chinese, irrespective of political conviction and faction, to take part in this savings fund, so that we can enhance our living standards through self-reliance.

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CSO: 4205/20

EDITORIAL TERMS DRAFT BUDGET REASONABLE

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 22 Oct 83 p 2

[Editorial: "A Reasonable New Draft Budget"]

[Text] The draft budget for the fiscal year 1984, which has drawn wide public attention, has been announced at last. Generally speaking, the draft budget should be quite reasonable for the little man. For the whole nation, the new draft budget, as described by Deputy Prime Minister Datuk Musa Hitam, is realistic, fair and gratifying.

On the whole and to a considerably great measure, the draft budget for the new fiscal year reflects a better economic prospect as compared with last year. As a matter of fact, already a number of experts have predicted that our real gross national product will reach 5.6 percent, which is better than the 4.9 percent rate projected by the Ministry of Finance. Moreover, there is an equilibrium between the revenues and expenditures, and it is even expected that there may be a surplus. This is clearly a great improvement from last year's deficit of M\$14 million.

At a time when "the most difficult period is past," the newly-born draft budget naturally cannot be tighter than last year's. Moreover, some adjustments have been made to rectify certain shortcomings of our national economic structure. It is noteworthy that the new draft budget was drawn up after the government's proposal for privatization of public services. Therefore, it is extending the retrenchment trend started in the 1982 and 1983 draft budgets. This is also as generally anticipated.

In the present taxation adjustment, import duties for foreign cars have been hiked from 10 to 60 percent, depending on the value of the car. The reason for this tax hike is that Malaysian cars will start production in 1985, and the measure will have a protective effect on domestically-produced cars. While the import car tax increase may affect the middle class, will have no adverse impact to the low income groups.

Another expected increase concerns the issuance of passports. The price of a 32-page Malaysian passport has been increased from M\$30 to M\$60, and the 64-page copy to M\$100. The reason for the increase is that the existing price has been too low in the first place.

However, certain taxes have been reduced or abolished. For example, import tax for video cassette recorders has been reduced from 45 percent to 15 percent; several building materials for middle- and low-cost housing are also exempted from taxation.

What makes the majority of the people utter a sigh of relief is that there is no adjustment on income tax, and government subsidies for diesel oil, kerosene and rice are not affected. That is why the new draft budget is welcome by the general public.

However, the 10 percent service tax has not been abolished as the general public had hoped. Nor has the public accumulation fund been increased as some labor unions had requested. This may be said to be "a fly in the ointment."

The basic adjustment of this fiscal year's draft budget is broadening sources of income and reducing expenditure. Thus it may be expected that this will quicken our steps toward our economic rejuvenation.

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CSO: 4205/20

MCA SEEKS GERAKAN'S COOPERATION IN SEREMBAN BY-ELECTION

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 18 Oct 83 p 3

[Text] The Malaysian Chinese Association [MCA] has formally extended feelers to the Malaysian People's Movement [GERAKAN], seeking the latter's cooperation in the Seremban by-election.

The Negeri Sembilan GERAKAN indicated today that if the MCA can prove its sincerity in seeking cooperation by concrete action, the GERAKAN will welcome the MCA and other member parties of the National Front anytime for negotiations with a view to promoting mutual cooperation.

The GERAKAN confirmed in a public statement that it has received a letter requesting for a meeting from Mr Oh Ho San, chairman of the Seremban MCA.

The statement apparently expressed dissatisfaction over MCA's past rejection against GERAKAN's offer of collaboration.

The statement said: After the 1982 general elections, GERAKAN took the initiative for arranging a meeting with Datuk Lee San Choon (MCA parliamentary member for Seremban) and several MCA state assemblymen for Negeri Sembilan, for the purpose of discussions on how to serve the electorate in Seremban and Negeri Sembilan. More than a year has passed, but no work has been received from MCA!

In a meeting yesterday, the Negeri Sembilan GERAKAN discussed the problem of the necessity for GERAKAN and MCA to begin cooperation in Penang.

The statement of the party said: The Negeri Sembilan GERAKAN welcomes any member party of the National Front for cooperation, but such cooperation must be accompanied by sincerity and concrete action.

"We maintain that cooperation should not be restricted in time and space, therefore the cooperation between GERAKAN and MCA should be a nationwide cooperation, and not restricted to Penang."

"We also maintain that if MCA wants to cooperate with us, it should, on its central committee level, support our stand concerning policy problems, such as our Cultural Memorandum!"

The statement pointed out: Concerning state and local problems, the MCA should also back up GERAKAN's stand. In Penang, the GERAKAN has always been cooperative with the MCA, and MCA members sitting in the state and district assemblies reciprocated, too. However, in other states where the MCA relatively enjoys some influence, it has adopted suppressive methods, which proves that the MCA is lacking in sincerity toward cooperation.

The statement continued to point out: Now that the by-election for Seremban is fast approaching, the MCA is dishing out the question of cooperation again; however, GERAKAN's request submitted to MCA after last year's general elections has not been heeded.

The statement said: The GERAKAN is prepared to cooperate with the MCA and other member parties of the National Front, but such cooperation should be based on mutual benefit and, more important, on the interests of the society.

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## MALAYSIA

### CHINESE URGED TO FORM ONE NATIONAL CORPORATION

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 18 Sep 83 p 3

[Text] Datuk Lauw Nam Hui, vice president of the Federation of Malaysian Chinese Chambers of Commerce, urged all Chinese associations throughout the country, irrespective of size, to set up enterprises, stock companies or cooperatives and then join hands to form one national corporation in order to take part in the government's promotion of the privatization of public enterprises and to share the nation's economic pie.

He pointed out that with its present economic structure, the Chinese community has no chance to participate in the recent government-promoted "Malaysia, Inc.," concept and the economic development plan of privatization. Even if there were a chance, the percentage of participation would be negligible, mainly because Chinese economic strength is scattered and financially strong Chinese enterprises are few in number.

However, he added, it all depends on human effort. He maintained that with existing manpower and financial power, the Chinese community can take part in this huge economic project. The question is whether we can muster and organize our strength in an effective way. Therefore, it is necessary that we make an in-depth study as to how we can best take part in the government plan and share the nation's economic pie.

Datuk Lauw pointed out that toward the end of the seventies, the Chinese began to get a deeper understanding of the development of the Malaysian economy and an awareness of their economic position, as evidenced by the growing number of stock companies and cooperative societies formed by various Chinese organizations. But this is far from adequate. To coordinate with the "Malaysia, Inc.," implementation, the 4,000-odd Chinese organizations all over the country must set up enterprises and then combine their capital to form 1 national corporation. Only in this manner can the Chinese take part in any of the government's privatization plans.

Datuk Lauw made these remarks today in a speech at the opening ceremony of the Fifth Congress of the Automobile and Financing Joint Federation.

In his view, the government's "Malaysia, Inc.," concept and the economic development plan through the privatization of public enterprises are good and

therefore worthy of support. The Chinese community should attach great importance to them and regard our participation as a mass movement. These plans will have a great impact, contribute to the acceleration of our national economy and promote our national unity.

Datuk Lauw disclosed that the Federation of Malaysian Chinese Chambers of Commerce will hold a seminar on these government plans on 25 September. There will be a participation fee of M\$3 per person, and applications are welcome until the 20th of this month. It is expected that about 500 persons will attend the seminar. He said that the car sales business and the installment payment system began growing rapidly at the end of the sixties, which was closely related to the economic growth of our country.

He pointed out that in the wake of automobile business development, the government revised or added new regulations which confronted many businessmen with more problems, such as the procedure for changing car ownership, installment payment, arbitrary towing of cars and administrative deviations in the Motor Vehicle Registration Bureau.

These problems need to be tackled in a systematic and collective manner, he added, and that is why Chinese people in the car and financing businesses decided to form an organization to fight for their legitimate rights and resolve their difficulties during their annual conferences.

Earlier, Lim Ting Khoon, president of Johore State Car Dealers Association, told his audience: "We hold a national conference once a year on a rotational basis and attended by delegates from various states. We gather together to exchange views and study and examine the problems so that we can strive for our interests.

"So far we have held four annual conferences during which we received many valuable and constructive proposals. The secretariat of our association has filed representations with the authorities concerned, but we have received no reply thus far, which is deplorable. At any rate, we will keep trying until we get a satisfactory reply and solution from the government.

"The participants in today's conference are able leaders in the car business. We must show concern for the changes taking place in our society, and we must adopt a uniform measure in dealing with regulations which are harmful or disadvantageous to our car business and in safeguarding our fundamental interests."

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CSO: 4205/10

## MALAYSIA

### REVIEW OF EDUCATIONAL, LAND POLICIES URGED

Selangor KIN KWOK DAILY NEWS in Chinese 19 Sep 83 p 3

[Text] Tay Ahn Chuan, president of the Malaysian Youth Solidarity Movement [MYSM], urged the government to review its policies on education, land and population control in order to improve the nation's economic condition.

He put forward this suggestion while speaking at the opening ceremony of the MYSM Johore Branch's Fourth Congress for 1983 held at the Tambei public clubhouse this morning.

He analyzed that the government is at present spending M\$300 million for education. Therefore, it should encourage the people to open private academies and middle schools, instead of establish more colleges. This way the government would save a lot of money.

At the same time, most government tax revenues are derived from agricultural produce. Therefore, it should open up more land and encourage more people, particularly the Chinese, to apply for licenses to plant crops.

This way, our country can have greater food production and tax and foreign currency revenues and at the same time reduce the outflow of rural inhabitants to urban areas.

Mr Tay said that our economic development cannot catch up with our population growth. Therefore, the government should promote its family planning program regardless of race to control population growth.

Mr Tay, who is concurrently vice chairman of the All-Malaysian Youth Council, said: "The MYSM is a powerful youth organization with a membership of 110,000, which represents 30 percent of the Chinese population within the 15- to 35-year age group. It is a sound and perfect nationwide youth organization."

In the economic field, the MYSM Cooperative Society is the 2nd largest of its kind in the Chinese population, with assets totaling M\$70 million, 52 cooperative banks and 1 newspaper. Therefore, the MYSM plays an important role in the nation's economy.

He divulged that Kuala Lumpur has been picked as the center for a permanent secretariat of youth organizations of ASEAN and other Asian countries. Said he: "Malaysia is a country which has a most sound and perfect youth organization."

President Tay said that organizationally, the MYSM is successful and economically viable. Therefore, it will lead its members to a new era, for it is concerned with and takes part in national affairs and international developments. Members of this youth organization will take part in political parties and become a strong pressure group through mass organizations.

Earlier, Gooy Hak Seng, conference chairman, said in his speech that the MYSM Johore State Branch has promoted a series of activites in the past 12 months to lead ethnic Chinese youths toward a bright future.

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MALAYSIA

LEE SAN CHOON TO RESIGN AS MP

Selangor KIN KWOK DAILY NEWS in Chinese 19 Sep 83 p 1

[Text] Datuk Dr Lee San Choon, former president of the Malaysian Chinese Association [MCA], confirmed today that he would relinquish his post as member of Parliament for Seremban District. However, he refused to say exactly when he would resign.

He was replying to a reporter's question after attending the opening ceremony of the 15th annual conference of a Malaysian cooperative society.

He also said that after completing his study in an economic theory course, he plans to make an observation tour to other countries, but at the present time he has no plan to engage in a big enterprise activity.

Meanwhile, Dr Neo Yee Pan, MCA's acting president, said that the party will hold a Presidential Council meeting to discuss problems concerning candidates and strategies for the Seremban by-election.

Datuk Neo, concurrently minister for housing and local government, added that he has four to five candidates in mind, but the final decision will rest upon the results of the Presidential Council meeting.

Datuk Neo philosophized that a new man has his good points, but an incumbent has much experience which cannot be beat. The forthcoming meeting will make a wise decision.

Commenting on the resignation of Lee San Choon as a member of Parliament for Seremban District, Datuk Neo said that this was a loss for the MCA, but the party is confident that it can retain this seat.

Datuk Neo disclosed that Datuk Lee San Choon would fly to London tonight for a 2-week vacation.

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MALAYSIA

CONSIDERATION OF PLURALITY OF SOCIETY IN PLANNING URGED

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 19 Sep 83 p 3

[Text] Lim Teng Khiun, president of the Johore State Car Dealers Association, urged the government to consider the society's plural nature in promoting industrial plans under its Look East policy, so that all nationalities may have an opportunity to take part in government industrialization and development plans and share the fruits of economic development.

He pointed out that restrictive measures would deal a blow to the development of private businesses and bring about ill effects to the national economy.

Mr Lim said that the only way for the government to enhance productivity, apart from improving production techniques, is to encourage fair competition.

He added that while criticizing protectionism in international trade by the advanced countries as a means of hitting economic development in the developing countries, we should also refrain from adopting unreasonable protectionism to rob a certain race of its due share of economic benefits.

Mr Lim made these remarks at a banquet organized by the association in honor of its honorary president and executive members on whom government decorations have been conferred last night.

He said that the Pan-Malaysian Automobile Financing Federation has just ended its fifth annual conference. During the past 5 years, the organization has tried its best to seek solutions to various problems and has striven for its interests. Unfortunately, not all of the complex difficulties were resolved.

"For instance, the Ministry of Trade and Industry has issued a regulation saying that only a registered, 100 percent bumiputra company may apply for an AP automobile import license. Also, an agency to sell various models of new cars can only be applied for a completely bumiputra company.

"Recently the government announced that our country will produce its own sedans. Members of our calling must pay close attention and take necessary

actions if the government decides to adopt similar executive measures in our disfavor," he warned.

Mr Lim pointed out that the government has repeatedly and publicly appealed to private businessmen to support the New Economic Policy sincerely and that they have given a positive reaction. Therefore, the government should give all nationalities a chance to take part in and share the economic fruits of the government's industrialization plan.

He appealed to members of the association to pay close attention to government measures and development plans and convey their problems to the authorities. "Only by collective actions can we protect our interests," he said.

He hoped that the government would forge ahead in doing what is right and listen to public opinion, so that all races would benefit from all kinds of development plans.

Mr Au Ban Khean, the new president of the Pan-Malaysian Automobile Financing Federation, said in a speech that Malaysia's automobile industry will enter a new era within a few years. "We have progressed from merely importing cars to assembling cars here, and now we are marching toward the goal of producing cars ourselves," he said.

He pointed out that production cars in Malaysia would be an integrated enterprise involving a wide area of operations. All operations related to the automobile business would be affected, including car assembling plants, trading companies, dealerships, loan companies and insurance companies.

In implementing this huge plan, President Au said, the government should exchange views with representatives of local car dealers associations, for automobile businessmen possess specialized knowledge and experience. They should form a Council for Malaysian Automobiles to act as consultants for the government.

He appealed to the government to explain in detail its plan for producing Malaysian cars so that local car dealers can make preparations and support the said plan.

Earlier, in his welcoming speech, Mr Lee Siu Khoon, chairman of the meeting, announced that the Johore State Car Dealers Association has earmarked a total of M\$10,000 to be donated equally to two Chinese civic foundations.

The meeting also requested Datuk Lauw Nam Hui, on whom the government has conferred a medal of honor, to make a speech, in which he praised the association for its numerous contributions to the country. Datuk Lauw is honorary president of the association. Mr Lim Khiun Beng, the association's general manager, gave thanks in reply.

Besides Datuk Lauw, who was awarded a JMN [Order of Chivalry Third Class], other recipients of government orders and medals were Ho Tao Thian, who

earned a PPN [Medal to the Orders of Chivalry]; Sun Yong Nam, who got an AMN [Order of Chivalry Fifth Class]; and Gouw Lee Boon, who was awarded a PJK [expansion unknown].

After the drawing of door prizes, the meeting was closed satisfactorily at 10 pm.

9300  
CSO: 4205/10

## DEFENSE OUTLOOK FOR 1990'S EXAMINED

### Proposals Favor Army

Auckland THE NEW ZEALAND HERALD in English 16 Dec 83 p 1

[Text]

**New military hardware such as helicopters, two multi-purpose support ships, small arms and artillery, and possibly even guided missiles, will play its part in transforming the nature of the armed forces in New Zealand over the next five to 10 years.**

The latest Defence Review seems set to turn the Army into a modern well-equipped and highly mobile force.

If ever a Defence Review can be said to favour one branch of the armed services, then the review released on Wednesday bestowed more favours upon the Army than on the Air Force or the Navy.

The Army will receive updated tactical communications systems, replacement rifles and machineguns, new artillery, new anti-tank weapons, a new generation of armoured personnel carriers and low-level air defence capability (possibly a one-man, shoulder-borne anti-aircraft guided missile).

### Commitment Reaffirmed

The Army will also be organised so the ready reaction force of up to 1200 soldiers can be hurriedly moved to any trouble spots in the South Pacific region.

The move is as much political as military. The Defence Review, perhaps more than ever, reaffirms New Zealand's commitment to the Anzus alliance.

But in order to depend on the alliance should New Zealand ever be threatened, New Zealand is taking a more positive stance within its sphere of influence: the South Pacific.

It is no secret that the Americans value highly New Zealand's influence on its South Pacific neighbours. Providing the ready reaction force to help those neighbours if need be is underlining the New Zealand commitment to Anzus.

### Replacement Of Rifle

So the Army — and, in particular, the ready reaction force — will be kitted out with more modern equipment to go with its new Scorpion reconnaissance tanks.

The aged SLR, or self-loading rifle, will be replaced by a 5.56-millimetre calibre weapon, probably something like the Enfield weapons system which, with a quick adjustment, can be used as a rifle or as an automatic weapon.

The soldiers will also receive new anti-tank weapons — probably the highly portable one-man weapons, which resemble the old bazooka anti-tank weapon of the Second World War.

But new weapons like the British LAW 80 fire rockets with a "high kill probability" against main battle tanks.

Other shoulder-borne, one-man anti-tank weapons are the American-made Rattler or Tank Breaker guided missiles.

The Army could also be in charge of other guided missiles if, as is expected, it decides to buy the American-made Stinger or the British Blowpipe missile system.

Again both are highly-portable one-man weapons, which fire missiles at aircraft at low levels, providing protection for soldiers against air strikes.

## Likelihood Is Small

In addition, New Zealand's old-fashioned artillery guns will be phased out and a new generation of 105-millimetre and 155-millimetre guns acquired.

The review says there is little likelihood of the Army being committed to operations requiring battle tanks or a complete air defence system (with more sophisticated missiles).

If the Army was deployed on more demanding operations, it would be in association with a larger and more comprehensively equipped allied force.

That force would provide the weapons necessary for New Zealand use or would themselves provide "the necessary coverage" on the battlefield.

And while the Army is being reorganised and equipped to turn it into a fast reaction force, the two other forces will be dovetailing some of their equipment for use by the Army.

## Personnel Carriers

If the ready reaction force had to be quickly deployed, for instance, its soldiers would be flown to their destination in the existing RNZAF Boeing-727s.

The armoured personnel carriers, which have not yet been bought, and the Scorpions would fit snugly into the belly of the RNZAF Hercules aircraft.

Studies are being carried out into the purchase of two support ships, which will be used for exclusive economic zone protection, sea rescue, disaster relief and basic sea training, and which could also act as supply ships to the submarines.

Both ships will be capable of large-scale troop transport, and will include a helicopter deck, which troop-carrying helicopters can use for landing and for taking off.

The Air Force will replace its Sioux and Iroquois helicopters in the next 10 years.

The Sioux will be replaced by a light turbine-powered machine to be used as a scout and as a trainer.

The Iroquois will remain in service for some time yet, but will be replaced by a similar-sized helicopter of improved performance.

## Deterrence Formula

The new type of helicopter is not known, but it could be the British Sea King, which is carried on the HMS Invincible.

But while the main thrust of the review is extending New Zealand's military stance within the South Pacific, it also prescribes a formula for deterring any potential invaders.

"For New Zealand to attempt to stand alone and self-sufficient would be absurd. We have neither the economic strength nor the scale," the review says.

"Our more modest objective should be to detect the approach of danger and to hit any hostile force before it arrives."

That is the philosophy behind the long hard look being taken at buying submarines. Although it is emphasised that no decision will be taken for at least two years, the Navy seems set to move into underwater warfare.

"A submarine force working with maritime patrol aircraft would provide New Zealand with the means of keeping effective watch on our maritime environment," the review says.

"In conjunction with attack aircraft, such a maritime defence system would provide the country with a small but formidable deterrent to any threat mounted by hostile surface shipping."

The Orion long-range patrol aircraft will play a leading role in that defence system.

The Orions are going through a progressive upgrading, which will give them a capability for surface surveillance by day or night, which will be second to none.

The second part of that programme will provide them with an attack capability—the ability to attack submarines. It is also thought that the Orion will be fitted with the Harpoon anti-shipping guided missile.

Tight financial times have meant that the Air Force has had to shelve, for the time being, hopes of buying new attack aircraft to replace the A4 Skyhawks.

But the Skyhawks will be refurbished and given new avionics to improve their strike capabilities and better radar facilities. The fighter-bombers are still ponderous compared with the modern fighters.

But when outfitted with new laser-guided bombs, it will still be a formidable opponent for hostile surface shipping.

## Submarines Could Replace Frigates

Wellington THE EVENING POST in English 15 Dec 83 p 26

[Text]

A force of four submarines could well constitute the core of New Zealand's Navy by the end of the 1990s, says the 1983 Defence Review tabled in Parliament yesterday.

Provided the submarines could be delivered and phased in starting from early in the 1990s, says the review, the Navy could be transformed by the end of that decade.

A controlled transition leading to the disposal of the Navy's four current frigates, Wellington, Southland (still to arrive from Britain) Canterbury and Waikato by the end of the 1990s would be carried out.

### Self defence

The frigates could only be maintained as a viable combat force for New Zealand if the finance to give them effective self defence weapons and eventually to replace them could be found, says the review.

"Financial considerations alone therefore demand consideration of an alternative force structure for the Navy," says the paper.

The overriding need for the Navy was to be able to detect intruders and deter unfriendly operations within the wide region around New Zealand, said the review, and a small force of conventional submarines could operate effectively over a wide area.

A memorandum of understanding between our Navy and the Australian Navy has been signed with a view to the two countries purchasing common types of submarines.

The Australian Navy, says the review, is currently in the process of replacing its existing submarines.

"No firm decision will be made about purchasing submarines for the New Zealand Navy until a thorough study has been completed. This is expected to take at least two years," says the review.

Navy planners, says the review, had looked again at the question of whether or not the Navy should devolve into a coastguard service, but as in the last review, in 1978, the idea had been rejected.

### Deterrent

A submarine force working with maritime patrol aircraft would provide New Zealand with the means of keeping an effective watch on our surrounding waters, says the review.

Submarines combined with attack aircraft would be a formidable deterrent to any threat mounted by hostile surface shipping and raise the risk for any potential aggressor.

"Submarines are much less vulnerable to detection and attack than surface warships of anything like comparable cost," the review says.

"One of the compelling arguments in favour of submarines is that they are expected to be cheaper and more cost-effective than frigates," it says. Six submarines would be the optimum number, but financial constraints limited planners to a force of four.

### Support ships

To complement the submarines and cater for surface sea training, two support ships would be needed, says the review. One would have its hull strengthened for Antarctic logistic operations. They would be needed to support the submarines and to carry out patrols of the Exclusive Economic Zone.

Also up for replacement are the four Navy patrol craft. New craft would be more effective in the coastal defence role and would enhance EEZ protection and search and rescue capacity in the new force structure, says the review.

## "Ready Reaction To Be Army Priority

Wellington THE EVENING POST in English 15 Dec 83 p 26

[Text]

Internal organisation within the New Zealand Army has proved too imprecise, says the 1983 Defence Review, and more resources need to be channelled into operational areas.

The 1978 review introduced what the Army called the "core concept" that entailed a small ready reaction force backed up in time of emergency by a broad range of regular and territorial units.

"This concept has proved too imprecise," says the new review.

"Although designed to establish a framework for expansion, no definite structure was established above battalion group level," it says.

### Tied up

"Lack of definition of the framework force caused too great a share of resources to be tied up in infrastructure rather than in operational elements," says the review.

A more clearly defined operational structure was needed, it says.

The Army's commitment to ready reaction would now be centred on the infantry battalion at Burnham, says the review.

Training and base support functions would be retained more or less as at present, it says, but the chain of command would be adjusted to more clearly separate "operations" and "base support and training" roles.

### Reduction

The present regional task force commands would be reduced from three to two, one to each island, with a support command headquarters responsible for all training, logistics and base support to be established within the disbanded 2 Task Force Regional Headquarters in Palmerston North.

"Following this refinement of the framework structure, a significant number of units will be disbanded," says the review.

"While this will not produce overall manpower savings it will permit more personnel to be allocated to operational rather than support roles and will improve manning levels in the units retained," it said.

### Readiness

The ready reaction force would be trained to a high state of readiness and some of the 1000 to 1200 that would make up the force would come from the disestablished units.

"Should the battalion group prove an insufficient response it would be used as the foundation for expansion using Regular and Territorial Force manpower to produce a brigade group of up to three infantry battalions," says the review.

Plans had been made to ensure that enough equipment was available in reserve to equip the expanded force at short notice.

"One of the requirements which will have to be addressed will be the

provision of a firm legal base for calling up reservists, whether Regulars or Territorials," says the review.

Some of the New Zealand soldiers stationed in Singapore are to be brought home to help develop the new ready reaction force.

### Training

The bulk of the force would be left in Singapore, though. The review said that the training there was an important advantage for the New Zealand Army.

In the weaponry stakes, the review says the Army would continue to rely on its larger allies to provide support in terms of big weapons such as battle tanks.

But the Army was looking to replace small arms, procure some artillery (105 and 155mm) and some modern anti-tank weapons.

New armoured personnel carriers would also be purchased "in due course," said the review.

## No New Fighters for RNZAF

Wellington THE EVENING POST in English 15 Dec 83 p 27

[Text]

There will be no new fighter jets for the Royal New Zealand Air Force in the immediate future, but the new Defence Review acknowledges the need to replace the Skyhawks eventually.

Faced with the options of upgrading the present fleet of Skyhawks or buying new jets, the review says the present jets would be structurally refurbished and their weapons and navigation systems upgraded.

In addition to the upgrading, the review says the Air Force had been authorised to investigate the possibility of buying more Skyhawks like those already here, and modifying them to the same standard as the existing ones.

### Attrition

"Augmenting the present force would offset basic performance limitations, replace those lost in service and provide for attrition during the aircraft's remaining life," says the review.

These measures would provide a fighter attack capability which would meet the currently unforeseen requirement.

"However, the Skyhawk has a finite structural life and provision must be made for its eventual replacement.

"The lead time involved in evaluation, selection, negotiation of contract, manufacture and introduction to service of modern air-

craft require replacement studies to begin soon," says the review.

### Improved

The effectiveness of the Skyhawks would be further improved by the Air Force having an operational air to air refuelling capacity, said the review.

It would extend the range of air operations and provide increased tactical flexibility in the target area, the review says.

"It is possible that the most economical way of obtaining this capability will prove to be by modifying some of the existing C130 (Hercules) aircraft. Studies are proceeding," it says.

### One Orion

A new/old Orion aircraft may be bought to strengthen the present unit of five aircraft, says the review.

"The present unit of five aircraft meets normal peacetime requirements but this number limits the potential to generate additional effort in an emergency," it says.

An extra aircraft would increase operational capacity and also provide insurance against loss, says the review.

"In view of the increased importance of the maritime patrol role, the air staff has been authorised to determine the availability of a suitable part-time Orion which could be modified to the same stan-

dard as planned for the existing fleet," says the review.

All the present Orions are to undergo a two phase upgrading of their navigation and weapons systems.

### Reserve

In the light of the lessons learnt from the Falklands the Air Force is to establish a more substantial reserve of air weapons in case of an emergency, says the review.

"The proposed war reserve will include some precision guided weapons suited to the final configuration of the updated Skyhawk," it says.

"A salient lesson from the Falklands is that when an emergency begins it is too late to begin preparations," the review says.

Both the Sioux and Iroquois helicopters bought in the mid-sixties would have to be replaced in the next ten years and replaced with more modern machines.

### Trainers

Also a possibility for replacement, says the review, were the Strikemaster and Air-trainer aircraft currently used for training.

"It seems likely that a proposal will be made for a turboprop aircraft to be adopted for the purpose, replacing the present Air-trainer and Strikemaster combination," said the review.

## Forces Adaptable and Multi-Role

Wellington THE EVENING POST in English 15 Dec 83 p 27

[Text]

In formulating defence policy a government must start with the obvious fact that the future is unknowable, says the 1983 Defence Review.

"It will not be inclined to accept at face value the claims of those who say that they know otherwise and that there is no cause to take precautions because there will be no problem," says the review.

If New Zealand accepted the more careful proposition that the ability to project military power in our times meant that no part of the world was secure, we must be ready to oppose any challenge that might arise, it says.

### Prevention

"Put in its most simple terms, if there is no obvious threat to New Zealand's national security the aim must be to prevent one from arising."

Neither did the Government accept that small countries ought not to try and protect their interests in the world because they could not physically defend themselves.

"Such an approach would rule out participation by a small country in attempts to resolve international problems

and would suggest that there is no cause to co-operate with other like-minded countries in the pursuit of common aims," says the review.

In this review greater emphasis than in the past is concentrated upon the maritime roles and on the ability to deploy forces of all three services throughout New Zealand.

Improved organisation, equipment and training in the forces would lead to a greater combat readiness and an improved capacity to sustain operations from existing reserves of personnel and materials, says the review.

"Because we cannot cover all contingencies nor select with confidence against which contingency to prepare, our forces must be multi-role and adaptable.

### Reality

"There are bound to be deficiencies in the eyes of some but these reflect no more than the reality of our size and the inevitable dilemmas of decision-making where not everything is possible," says the review.

Calculated judgments had to be made, it said, and there had to be a willingness to build on what we have when we could not afford to prematurely discard partly used equipment.

## No Plans To Stand Alone

Wellington THE EVENING POST in English 15 Dec 83 p 27

[Text]

Basic policy objectives in the 1983 Defence Review tabled in Parliament yesterday remain much the same as those outlined in the last review of 1978.

Our defence forces are primarily concerned, says the new review, with preserving the security of New Zealand and its 200-mile Exclusive Economic Zone.

In the 1978 paper there was a fundamental shift of geographical focus for the forces from South-east Asia down into the South Pacific basin. This is reinforced in the new document.

### Assistance

Efforts would be made to promote security and stable development in the South Pacific by providing, on request, practical assistance in defence matters including training, exchanges and exercises.

Also, the defence forces would want to be able to respond militarily to low level emergencies within the South Pacific.

Aeris was still fundamental to our defence policy, says the review, and efforts to maintain and strengthen the alliance would continue.

Further co-operation with Australia would be sought, including defence supply and mutual logistic support.

## Training

A continuing commitment to South-east Asia would be demonstrated by continuing the mutual training assistance arrangements and exercises with countries of the region.

The review says that effective deterrence was the best form of defence. "Some countries put their faith in armed neutrality, seeking security through an independent deterrence based on very heavy commitment of resources and manpower," it said.

## Threat

"For New Zealand to attempt to stand alone and self sufficient would be absurd. We have neither the economic strength nor the scale. Nor would the greatly increased personal sacrifice in terms of tax burdens and compulsory service be acceptable."

New Zealand should be aiming to deter any "low scale" direct threat by demonstrating a self-reliant ability to detect the approach of danger and hit any hostile force before it arrives, says the review.

"When that national capability is backed by the wider range of force available through a working col-

lective security arrangement, a potential aggressor has to calculate not only the effectiveness of our response but the reaction of our partners," it says.

"We do not therefore need ultimate weapons or strategic forces to pose a deterrent appropriate to New Zealand's circumstances."

Developments in modern conventional weaponry, says the review, gave our small force the ability to inflict serious damage.

In peacetime our defence forces would continue to play an important role in civil defence, search and rescue, disaster relief, and other tasks in support of the community.

## Naval Vessel for Antarctic Role Possible

Wellington THE EVENING POST in English 17 Dec 83 p 6

[Text]

The Defence Review may have brought forward the case for New Zealand getting its own ice-strengthened ship for Antarctic work, the Minister of Science and Technology, Dr Shearer, has indicated.

The review, released on Thursday, says that two support ships will be needed by the end of the 1990s to complement submarines and cater for surface sea training.

One would have its hull strengthened for Antarctic logistic operations, the review says.

## Stability

It also says that the Antarctic is of strategic significance to New Zealand with the Antarctic Treaty, which provides for the demilitarisation of the continent, having promoted stability and peaceful co-operation in the region.

Dr Shearer told the "Post" that the review was "the first positive

statement that we've had in terms of an ice-strengthened ship for some time."

Earlier this year he had asked for an assessment by all government departments associated with the marine environment of their requirements in terms of a ship, Dr Shearer said.

"Now we've got something that's fairly positive from the Defence Review. And I'm very pleased to see something of that nature," he said.

Asked if most departments involved would agree that there was a need for a vessel with Antarctic capabilities, Dr Shearer said there probably would be a fair measure of agreement.

He had not been in touch lately with the Government's joint committee of officials set up this year to bring forward the case for this country acquiring its own vessel to service the Great South Basin and the Ross Dependency in Antarctica.

Dr Shearer said it was not very critical that this country get a vessel as long as we have the support services of the United States.

"It's not of critical importance, but it is of tactical importance in terms of being able to do things, in terms of experimental work that you might not be able to do if you're fitting into someone else's schedule."

Asked if it was important for this country to do this extra experimental work, off-shore, for example, Dr Shearer said the vital thing was New Zealand's on-going commitment in Antarctica.

He did not believe New Zealand had to expand its Antarctic activity. By world standards the New Zealand Antarctic programme was not large but it had achieved a great deal, basically through the enthusiasm of those who worked there.

Dr Shearer said he could see this enthusiasm continuing.

## LABOR PARTY LEADER PROFILED

Perth THE WEST AUSTRALIAN in English 6 Dec 83 p 60

[Text] Wellington, Mon--David Lange has made heavy weather of his first year as leader of the New Zealand Labour Party.

Mr Lange took over from Mr Bill (now Sir Wallace) Rowling in February because he appeared to have the look of a winner about him.

He had been in Parliament only six years, but the party was prepared to overlook the short apprenticeship as he seemed the best man to counter the Prime Minister, Mr Muldoon.

Mr Lange (41) is committed, hard-working, witty and an apparently ideal candidate for the "personality politics" which he says NZ now leans towards.

He is a former barrister who made his name in defence of the underdog, a warm and persuasive speaker and occasionally brilliant in the debating chamber when the mood takes him.

But in the eyes of many New Zealanders, he is not getting across. It is clear he is no Bob Hawke.

With the next general election less than a year away, some long-time Labour supporters are beginning to despair at taking power away from Mr Muldoon's National Party.

### No Impact

The Labour Party has made no impact on the Nationals in public opinion polls.

In fact, support for both the Labour Party and for Mr Lange as a potential Prime Minister has fallen away during the year.

In a recent survey, the Nationals held a lead of 38 to 41 percent over Labour and Mr Muldoon's rating as preferred leader was 36 percent to Mr Lange's 17 percent.

Nine months ago Labour had 50 percent of the public's support compared with 40 percent for the Nationals.

In the past three months the picture has been complicated by the emergence of a new force in the shape of the New Zealand Party.

At first dismissed as nothing more than a hobby for its leader, millionaire property developer Bob Jones, the NZP has been drawing thousands of people to rallies in the main cities.

Public opinion polls now give it 11 percent support, and on those figures it has already outstripped Social Credit as the country's third most popular political party.

On the surface, Mr Jones's free-marketers will draw most support from disaffected National voters but at the same time he could woo portions of the anti-Muldoon vote away from Mr Lange.

The seats the NZP contests will be chosen with this in mind.

Mr Lange decided to give his ailing fortunes a boost last month with a series of short meetings in key electorates up and down the country.

It was in much the same style as Mr Muldoon's 1974 meet-the-people tour which helped give the National Party a landslide victory the next year.

Mr Lange has addressed meetings in 22 of the 95 electorates, often jumping down off the platform and walking among the audience to get his message home.

National MPs were quick to criticise the Lange tour, particularly because he used a government car.

When Labour MPs pointed out that Mr Muldoon had also used a government car in 1974 the Prime Minister agreed, adding: "Yes, but I made better use of it."--AAP

CSO: 4200/356

## NEW ZEALAND TO DISCUSS BUYING AUSTRALIAN SKYHAWKS

Christchurch THE PRESS in English 17 Dec 83 p 18

[Text]

NZPA staff correspondent  
Sydney

New Zealand's bid to buy the 10 Australian Skyhawk fighter-bombers, made redundant by the scrapping of the aircraft carrier Melbourne, will get under way early next year, according to a defence spokesman in Canberra.

According to reports from Canberra, the planes have already been offered for sale to the Royal New Zealand Air Force, but rejected earlier this year because the price was "almost twice the going rate for similar aircraft."

Now the talks are due to open again with New Zealand looking to buy up to 10 Skyhawks and spares, according to a New Zealand spokesman.

The Australians have not said how much they want for the former Navy jets, or how many countries were bidding for them, but six are for sale immediately, and another four will go on the market late next year, when the Australians have finished using them for target practice.

But while the Australians are not yet saying officially how much they want for the jets, questions have already been raised in the Canberra parliament.

In October, the Defence Minister, Mr Gordon Scholes, was asked whether it was true that the asking price was too high, and that it was a major barrier to selling the Skyhawks to New Zealand.

Mr Scholes replied that the cost of the planes was a matter of negotiation.

The 10 Skyhawks were paid off earlier this year with the decision not to buy a new aircraft carrier to replace the decommissioned Melbourne, and while six can be sold immediately, the Australians have decided to keep the other four to tow targets for shooting practice for ground and Navy forces.

But the move to buy the Australian's cast-off jets will not be matched in the projected New Zealand move to enter the submarine warfare field.

Both New Zealand and Australian spokesmen in Canberra said the present Australian Oberon submarines would be at the end of their serviceable lives by the time the Australians were finished with them.

New Zealand's venture into submarines was confirmed in the defence review tabled in Parliament

in Wellington recently, and it is projected to buy four in the early 1990s.

The choice of type, weapons, and systems will be tied largely to what Australia decides to buy to replace the six Oberon submarines it has at the moment, the New Zealand spokesman said.

"The Australians are studying offers from European shipbuilders at the moment, and we would be looking to buy the same vessel as the Australians for reasons of compatibility," he said.

"We would have to use the Australians for training our people in the same way as the Australians used the British who had submarines stationed here during the 1960s for their training."

The Royal New Zealand Navy has been drawing up options for its future for the last two years, and it is believed that four submarines would be the minimum requirement for its purposes.

The Australians, on the other hand, are looking at at least six new submarines to replace the same number of Oberons they have at present.

The Australian defence spokesman said that Navy chiefs already had specifications for hulls, weapons, and electronics from contending European shipyards, and systems manufacturers on both sides of the Atlantic.

"I would imagine there would be enough to fill a small room, and they won't be getting down to business until they get to the project definition stage," he said.

"We're talking about submarines for the 1990s, and that would be the same for New Zealand if they are going for compatibility with us."

"But numbers for Australia depend on costs and how much money is in the kitty at the time. Look what happened over the replacement of the aircraft carrier. We're going for half a dozen, but perceptions and requirements change over time."

"But there is no way New Zealand would be interested in buying our Oberons because the oldest of them now is 20 years old and by the 1990s they will be at the end of their service lives."

The joint approach to the question of new submarines is part of the new era of co-operation between New Zealand and Australia in de-

fence matters, confirmed in Wellington earlier this year in an agreement signed by Mr Scholes and his New Zealand counterpart, Mr Thompson, and highlighted in the defence review.

The New Zealand spokesman in Canberra said that this co-operation was being extended in appraisals of new equipment for both armies, which were looking at replacing existing field guns, armoured personnel carriers, and small arms.

But both spokesmen said that while the armed forces were co-operating in the purchase of new equipment, training and over-all compatibility, there had never been any suggestion that either country's armed forces should give up their independence or combine their command structures.

There has been talk in Canberra of an Australian defence review, but so far the closest Mr Scholes has got to it is the tabling of a 40-page background to a speech he made in Parliament earlier this year, outlining Australia's future defence needs and perceptions.

In a review of Australia's defence capability in July, the "Bulletin" magazine quoted Mr Scholes as saying Australia expected little threat to its immediate security until the 1990s, which he described as a "period of doubt."

"I would doubt that unless there is a major change in our general relationship with, say, Indonesia, there will be any serious threat to Australia such as could be perceived as arising in that period," he said.

"Any threat developing also depends on the capabilities of other people."

"At this stage it is difficult to see anyone other than the super-Powers having the capacity to pose a real threat."

Dr Robert O'Neill, the director of the International Institute for Strategic Studies, told the "Bulletin" that Australia's immediate defence needs should rest on its own shoulders and "not even A.N.Z.U.S. could provide it."

He said Australia's immediate concern should be the south-west Pacific and Asia.

CSO: 4200/553

FORMULA FOR 'CONTROLLED' WAGE ROUND AGREED ON

Christchurch THE PRESS in English 16 Dec 83 p 1

[Text]

PA

Wellington

**The Federation of Labour, employers, and the Government yesterday thrashed out a formula for a controlled wage round next year.**

The Prime Minister, Mr Muldoon, told reporters after the meeting that he thought all parties would be prepared to agree to a basis for getting out of the freeze on February 29.

But the agreement has to be confirmed by the executives of the F.O.L. and the Combined State Unions.

Mr Muldoon said it was certainly important to have some resolution to the long-term wage-fixing system before we move into the next wage increase. That was made clear and, I think, accepted."

Such an agreement would possibly not be reached before the end of the freeze, he said.

When asked whether there would be a small general wage order at the beginning of the year, Mr Muldoon said: "No. One of the options we put was accepted subject to that agreement and one or two other conditions and then

we would move in 1985 to the new wage-fixing system which is still under discussion."

Mr Muldoon said there would not be a return to free wage-bargaining next year but in 1985.

The Government had given two options for moving out of the freeze.

One was for a general wage adjustment. The other was for a wage round negotiated later in the year under an agreed regime or a clear transitional step from the existing system to a new system.

The president of the F.O.L., Mr W. J. Knox, said the F.O.L. wanted a wage increase made as soon as possible.

"But first we must clear the way as to what sort of changed formula he (Mr Muldoon) requires," he said.

The president of the Employers' Federation, Mr Gary Tait, said significant and most encouraging progress had been made at the meeting.

"In general terms it is felt if we can get some agreement on the new form of wage bargaining then we can move into a type of wage round next year," he said.

"Everybody is talking about some form of wage round next year and I think everybody realises this cannot take place until we get some kind of agreement from the long-term committee on wage reform."

## JAPAN SEEKS NEW RESTRICTIONS ON EDIBLE OIL TRADE

Auckland THE NEW ZEALAND HERALD in English 30 Nov 83 p 1

[Text] The Japanese Government is attempting to force New Zealand to accept new trade restrictions on exports of prepared edible fats, a product that annoys Japanese because of its high butter content.

A proposal on stopping all growth in the \$NZ30-million-a-year trade was delivered to the New Zealand Government last week, according to reliable Tokyo trade sources.

In effect, the proposal seeks New Zealand agreement to extend for one or more years the three-year agreement signed in 1980, under which New Zealand has voluntarily restrained its exports of the product.

But the restrictions the Japanese Government is trying to enforce would apply only to New Zealand, the biggest supplier of the product, even though eight other nations are exporting prepared edible fats to Japan.

### Evasive

Other major suppliers, such as Belgium, the Netherlands, Singapore and Denmark, according to their respective diplomatic missions in Tokyo, have not been approached by the Japanese government to enter into an export restraint agreement.

Japanese officials are either not commenting or are being evasive.

They are evidently embarrassed that while their Prime minister, Mr Yasuhiro Nakasone, is promising to open up the home market to more foreign goods, they must buckle under pressure from their powerful farm lobby and force farm trade limits on a relatively powerless country such as New Zealand.

Edible fats offend the farm lobby, on whose votes the ruling Liberal Democratic Party is dependent, because they are regarded as butter in disguise, containing just enough vegetable oil to escape classification as butter, the import of which is banned.

## High Demand

Mr Reishi Itoh, the Director of the Agricultural, Forestry and Fisheries Ministry, is believed to have made the proposal on a visit to New Zealand last week for regular dairy product supply and demand and talks, but he would not comment.

High market growth is seen for the product because of a rising demand among Japanese confectioners who find locally produced butter prohibitively expensive.

A New Zealand Dairy Board spokesman, Mr Neville Martin, confirmed last night that the question of prepared edible fats exports was discussed last Thursday when representatives from the board and the New Zealand and Japanese Governments met in Wellington.

Mr Martin said the board saw no need for the original restrictions and no need for any continuation for the 1980 arrangement, which expires at the end of this year.

## Not Formal

"As we understand it, the Government is continuing to oppose it and there are further negotiations coming up," said Mr Martin.

A Trade and Industry Department spokesman in Wellington said no formal proposal on the restrictions had been put before the Government.

"There has been informal discussion."

He said it was now for the Japanese authorities to consider the position in the light of last week's talks.

CSO: 4200/353

### METHANOL DEAL SET FOR JAPAN

Auckland THE NEW ZEALAND HERALD in English 30 Nov 83 p 1

[Text] Last-minute hurdles in New Zealand's multi-million-dollar methanol export deal with Japan have been cleared and a Japanese chemical tanker, the Matsukaze, is heading towards New Plymouth to load its first cargo.

Production difficulties at the Waitara methanol plant and differences between Mitsubishi Corp and Petralgas Chemicals NZ Ltd over contract details have delayed the deal by nearly two months, according to Japanese chemical industry sources.

Now all details of the export contract, however, appear settled.

The 16,500-tonne Matsukaze set sail from Taiwan on November 21 and is due at New Plymouth on December 8, according to its owner, Tokyo Marine Corp.

Mitsubishi's petrol chemicals department said the Matsukaze would load 15,500 tonnes of methanol at Port Taranaki.

Yearly shipments from the Waitara plant to Mitsubishi, which is acting as the agent for Nippon Kasei Chemical Ltd, Shinetsu Chemical Ltd and other unnamed buyers, have been set at about 120,000 tonnes, according to a report in the Japan Economic newspaper.

The newspaper said Japan this year was expecting to import a record 800,000 tonnes of methanol which would satisfy about 70 percent of its total domestic demand for the chemical.

Mitsubishi's methanol manager, Mr Akira Tanaka, said the corporation had halted methanol imports from South Korea, Canada and the United States, and had switched to New Zealand methanol because it was more competitively priced.

CSO: 4200/353

RISING LEVEL OF DEBT SERVICING POSES 'REAL RISK'

Auckland THE NEW ZEALAND HERALD in English 2 Dec 83 p 3

[Text]

**New Zealand's high and rising level of debt servicing poses a real risk, given the present uncertainty in international financial markets, according to a group of Planning Council economists.**

They say the total overseas debt amounted to \$14.2 billion in March this year, and the ratio of debt service to exports was probably about 35 per cent.

"A recent International Monetary Fund publication suggests a rule of thumb that when this ratio is below 10 per cent it is unacceptable, but above 20 per cent it is potentially dangerous," say the economists.

However, they qualify this by saying a rigid application of this rule would be inappropriate.

They say the economy has to be restructured before New Zealand will be in a position to take full advantage of any upturn in the world economy.

The group also says it would be inappropriate to try to meet the balance of payments problems through a deliberate expansion of the pastoral sector.

The conclusions are drawn in the first report of the Planning Council's reformed economic monitoring group, under the chairmanship of the head

of the economics department at Auckland University, Professor Conrad Blyth.

The two other members of the group are the professor of economic history at Victoria University, Professor Gary Hawke, and an Auckland sharebroker, Mr David Smythe.

The report covers New Zealand's foreign exchange constraints, export growth, and overseas debt, and says most of the country's official borrowing in recent years has been for stabilisation purposes rather than for investment in a productive capacity.

"That is, the borrowing has been undertaken to maintain domestic economic activity and employment in the short term, and to provide a breathing space to enable necessary structural change to take place," says the group.

**Debt Doubled**

"Gross official borrowings have risen by a factor of three since 1979-80, official debt servicing has also risen by a factor of three over the same period, and total overseas debt has doubled over the past 10 years."

The group says that among the Organisation of Economic Co-operation and Development countries, New Zealand has one of the highest concentrations of exports in a small range of commodities, while it also has a high degree of export price volatility and terms of trade volatility.

The value of borrowing is that it may sustain internal expenditures at higher levels than would otherwise be possible, and it may provide support to employment.

"On the other hand, the idea that borrowing is anything other than a means of bridging the economic transition is a highly dangerous one," says the report.

"The point has been reached where the conventional ratios used to measure the burden of debt must be regarded as being on the high side."

### **Irresponsible**

"This does not necessarily mean the decision to borrow has been ill-judged, or even that further borrowing should be eschewed.

"It will continue to be possible for the Government to tap international capital markets, although we suggest it is necessary to question the wisdom of pursuing this course very much longer unless steps are taken to alter the fundamental growth potential."

The group says it would be quite irresponsible to continue borrowing on the basis that world growth will increase with associated benefits for New Zealand, irrespective of what is done inside New Zealand.

New Zealand's upper limit on borrowing is more likely to be determined by its own prudent requirements than by refusal from international creditors.

The group interprets the recent lowering of New Zealand's credit status as an indication that international financiers have noted the poor performance of the economy in relation to the amount of borrowing that has been done.

### **Real Risk**

"It is unlikely it represents the probability of any inability of the New Zealand Government to roll over loans or take up new debt in the absence of an international financial crisis," the report says.

"However, the high and rising servicing level does pose a real risk given the present uncertainty in international financial markets."

The group says its other major conclusion is that it is no longer realistic that New Zealand's economic growth strategy be based largely on livestock growth.

CSO: 4200/353

## EEC APPROVES NEW ZEALAND BUTTER IMPORTS

Wellington THE EVENING POST in English 14 Dec 83 p 53

[Article by Derek Round]

[Text]

would agree to was 5000 tonnes for January.

French Agriculture Minister Michel Rocard also wanted a lower figure than EEC Agriculture Commissioner Poul Dalsager proposed as a temporary arrangement.

Mr Dalsager had suggested 20,750 tonnes for three months — a quarter of the 83,000 tonnes proposed for the whole year.

Mr Deasy and Mr Rocard eventually agreed to go along with the other eight council members when they resumed their meeting today.

"They were not very keen about it," a British spokesman said.

Britain also agreed reluctantly, but for different reasons.

Agriculture Minister Michael Jopling had pressed ministers to agree to a three-months roll-over into 1984 based on the 1983 quota rather than the quota proposed for next year.

The temporary arrangement was made with the

agreement of New Zealand, the British spokesman said.

The British delegation was in touch with the Minister of Overseas Trade, Mr Cooper, overnight before coming back to the council table today.

Ministers stressed that the arrangement was without prejudice to the final figure for 1984.

"Today's interim decision on imports for new Zealand butter does not prejudice the final decision of the council on this matter," they said in a statement.

The New Zealand quota will come up for discussion again at the February agriculture council meeting.

"It could be a fair old fight again," the British spokesman said.

France takes over the EEC presidency from Greece on January 1 and Mr Rocard, who is due to visit New Zealand next year, will be in the chair for the February meeting.

Proposals on sheepmeat

are also expected to be discussed then.

The present voluntary restraint agreement, under which New Zealand limits its sales to the EEC to 243,500 tonnes a year ends on March 31.

France wants this figure cut back and has tried to link this with agreement on the butter quota — something which New Zealand and Britain have always opposed.

The agreement under which New Zealand recognises France and Ireland as "sensitive" areas for lamb sales also ends on March 31.

New Zealand has said it is prepared to continue this agreement — which means it sells only a small quantity of lamb to France and none to Ireland — but it wants the total figure of 243,500 tonnes maintained.

Ministers discussed sheepmeat very briefly at this week's meeting and referred the question back to the special committee on agriculture.

## DISPUTE IMMINENT WITH JAPAN ON FISHING RIGHTS

Christchurch THE PRESS in English 5 Dec 83 p 5

[Article by Bruce Roscoe]

[Text]

Discord between the New Zealand and Japanese Governments about the planned denial of rights in the 200-mile zone to Japanese trawling fishermen next year is set to flare into a big dispute.

The Japan Deep-water Trawling Association, at the request of worried member companies, will send a mission to New Zealand next month to discuss the trawling ban effective from October 1, 1984, direct with the New Zealand Government and the Fishing Industry Board.

The talks will precede formal negotiations between both Governments before the bilateral fisheries agreement expires in September.

According to the association, licensed Japanese vessels, not joint-venture boats, form the basis of Japanese fishing in the zone, a point which mission members would argue strongly with Wellington officials.

said an association executive.

The New Zealand Government has fixed a policy of phasing out Japanese trawl rights for most or all of the high-value deep-water species in the zone.

After October, Japanese trawlers will have access only to Region E of the zone, an area south of Stewart Island, where the association says profitable fishing is made difficult by bad weather, rough seas, and deep water.

According to a report on the mission by the "Fishermen Financial Press" of Japan, 10 Japanese trawling vessels are fishing the zone and are allowed to take up to 66,000 tonnes of fish this fishing year, ending on September 30.

"Of all Southern Hemisphere fisheries, the New Zealand zone is the most important for the trawling industry," the "Fisheries

Press" said.

It said the Nihon Suisan and Taiyo fishing companies each had two New Zealand Government-licensed boats in the zone, and the Japan Marine Resources Centre had one test trawler which supplied fishing information to the Fishing Industry Board.

In addition, the Nichiro Hoko, Kyokuya, Nihon Suisan, and Taiyo companies each had one joint-venture trawler in New Zealand waters.

Under the Government's policy of promoting New Zealand's deep-water fishing industry, Japanese boats will lose their quota for the valued species of hake, hoki, ling, orange roughy, oreo dory, silver warehou, and squid.

Japanese boats, however, will be permitted to trawl for other finfish species and continue surface and bottom longlining and squid jigging.

PAPUA NEW GUINEA

BRIEFS

CUBA-VANUATU LINK--Port Moresby, 11 Dec--Pacific leaders are concerned about Vanuatu's new link with Cuba, Papua New Guinea Prime Minister Mr Michael Somare said here today. The subject also had been raised by the Indonesian President, Mr Suharto during talks with Mr Somare in Jakarta this week. "I think their concern is what intentions the Government of Vanuatu has," Mr Somare said. Mr Somare said he explained that Vanuatu was an independent sovereign State and what it did was its own business. Vanuatu this year established full diplomatic relations with Havana, the only South Pacific country to have done so. Mr Somare said the Pacific leaders had expressed the same concern as Indonesia at the South Pacific Forum meeting in Canberra earlier this year. "Anywhere that Cuba has gone there have always been problems," Mr Somare said.--AAP [Text] [Melbourne THE AGE in English 12 Dec 83 p 7]

CSO: 4200/357

## MULTINATIONAL COOPERATION ON RAW MATERIAL EQUITY CITED

Manila BULLETIN TODAY in English 24 Dec 83 pp 1, 11

[Text] Subsidiaries of multinationals are helping the country weather the present financial crisis by importing their raw materials, supplies and equipment and converting these imports into equity (shares of stocks) investments, the Ministry of Trade reported.

These importations have made possible the continuous operation of these companies. This, in turn, has avoided shortages of consumer goods, factory closures, and layoffs.

So far, 15 subsidiaries of multinationals have shipped in \$25.6 million worth of raw materials and equipment since last November.

"This cooperative attitude of the multinational companies," Trade and Industry Minister Roberto Ongpin said, "is most welcome because this makes sure that their Philippine subsidiaries, particularly those catering to the domestic market, can keep on operating despite their inability to open letters of credit."

The imports, which were converted into equity, are sufficient to supply requirements up to at least the first quarter of 1984. The imports were registered as investments with the Board of Investments.

Among those given approval for the conversion of their imports into equity investments were Pepsico, Filipro, Baxter Travenol, Ciba-Geigy, and Astra Pharmaceuticals.

Ongpin revealed that the country's biggest soap makers--Procter and Gamble, Philippine Refining Co., and Colgate-Palmolive--have made written commitments for the continued importation of raw materials so as not to disrupt their production until mid-1984.

He stressed that the conversion of the raw material and equipment imports into equity investments insure the continued operation of the Philippine subsidiaries. Ongpin pointed out that for many years these domestic market-oriented subsidiaries had utilized hard-earned dollars for their raw material imports and profit remittances. "I believe it is only fair that they now support the country during this difficult period," Ongpin said.

Ongpin announced that BOI is conducting a survey of 60 domestic market-oriented subsidiaries as to their intention in using imports to finance their equity investments.

The financing of raw material, supplies and equipment imports by equity investments is allowed under Central Bank circular 985. The operating guidelines of CB circular 970 directs BOI and CB to approve application for such conversion into equity within 48 hours.

Under the scheme, subsidiaries can finance the importation of raw materials, supplies and equipment by converting their values into equity investments.

Thus, subsidiaries will be able to make importations necessary for continued operation without opening a letter of credit.

CSO: 4200/349

FOREIGN EXCHANGE REMITTANCES TO CENTRAL BANK REPORTED

Manila BULLETIN TODAY in English 24 Dec 83 p 12

[Article by Loreto Cabanes]

[Text] Nearly \$500 million in foreign exchange receipts from exports, remittances and other sources have been turned in since Oct 14 up to the present by the commercial banks to the Central Bank pool.

Bulk of the foreign exchange surrendered by the banking system to the pool came in during the past two weeks, easing somewhat the foreign exchange position of the banks to meet applications for import letters of credits from businessmen.

On the other hand, about \$150 million from the pool has been handed back to the banks to finance importations of raw materials for export producers and other priority imports of vital industries under operating guidelines No. 2 of Circular No. 970.

This circular required the commercial banks to turn over the CB for pesos their entire foreign exchange receipts from exports, services, transfers, over-the-counter trans-

actions and other similar receipts.

The foreign exchange sold to the CB under the circular are constituted into a pool from which priority payments are financed.

According to sources, the \$150 million so far allocated to banks for priority raw materials imports did not include payments for oil.

It was confirmed that portion of oil payments made for shipments that arrived during the period was also taken from the \$500 million inflow that came in. Consummated shipments of crude had to be paid so that oil suppliers can extend new credit lines usually under documents acceptances (DA) basis.

Meanwhile, certain sectors both in the banking and business

communities are proposing a relaxation of the existing system of foreign exchange allocations under the pool.

They said that the foreign exchange allocation ought to be modified so as not to leave any industry without a share because of the social implication of a massive unemployment if these industries which are neither export producers nor vital were forced to shutdown their operations.

These sectors pointed out that after the requirements of export producers and vital industries are met, other industries, especially those that are labor-intensive, should be given a share to finance their importations to prevent sudden shutdowns.

According to sources,

the \$500 million that came in between Oct. 14 and Wednesday was way below the monthly average inflow of \$400 million in the past. Over a two-month period, it amounted to only about \$250 million a month.

This could be attributed to the fact that some foreign banks unilaterally applied the foreign exchange due to the local banks against some of the existing liabilities of the latter.

Besides, the past two months have actually been a low season because of the delays in sugar shipments, decreased volume of coconut oil exports and the corresponding reduction in copper concentrate shipments from Japan to the PASAR copper smelter whose refined products have been shipped out.

CSO: 4200/349

FOREIGN BANKS THREATEN TO SEIZE SHIPS

Manila BULLETIN TODAY in English 23 Dec 83 p 20

[Article by F.T. Flores]

[Text]

Foreign banks have threatened to seize some Filipino-owned ships as a result of the shipowners' inability to pay their loans on time.

The local debtors are now seeking the assistance of the Central Bank to prevent the seizure of their ships by creditors.

Four big shipping firms which acquired their vessels through loans from foreign banks are now facing the threat. They asked Central Bank to release their approved dollar allocation so that they could meet their obligations with the banks.

It was reported that some foreign banks have already seized some ships of the Hellenic Lines. About 10 of their cargo ships were impounded by the creditors after they failed to keep up with their debt payments.

Four of their ships were seized in the US, one in Baltimore and three in New York. The rest were impounded in the Middle East and Italy.

The report said Hellenic Lines owed \$82.9 million from Morgan Guarantee Trust of the US, and failed to make a \$2.4-million interest payment in November.

The Japanese lenders, on the other hand, were also alarmed over the delay in repayments despite explanation that the economic situation in the Philippines is just temporary.

They will seize their ships once they call on any port, it was reported.

Meanwhile, the Central Bank has made available \$53.79 million for treaty obligations such as receipts of foreign airlines and shipping companies.

Under CB Circular No. 970, it authorizes to service remittances of the following types of treaty

obligations:

(a) Net peso receipts of foreign airlines and shipping companies; 2) Traffic pay-cuts/settlements, satellite utilization charges and share on maintenance cost of cable system of telecommunication companies; 3) Balances of re-insurance accounts and amounts due for claims and claim expenses of insurance and re-insurance companies.

The CB explained that the treaty obligations have been included in the list of priority payments because they are international commitments.

A major portion of the payments consist of revenues of international airline companies reported to amount to P50 million or \$36 million.

Meanwhile, the Philippine Ports Authority has programmed substantial funds for the improvement of municipal fishing ports throughout the country.

The fund will be provided by either World Bank or Asian Development Bank.

CSO: 4200/349

UN EXPERTS PRAISE PHILIPPINE LAND REFORM

Manila BULLETIN TODAY in English 23 Dec 83 p 9

[Text]

The Philippine government is one of the few governments in the world to have undertaken a substantial program of agrarian reform during the past two decades.

This was the gist of the report by a team of experts from the United Nations Development Program (UNDP) and the Food and Agriculture Organization (FAO) who conducted a survey of land reform areas in the country from Nov. 21 to Dec. 6 this year.

Horst von Oppensfeld and Philip M. Raup of the UNDP and FAO, respectively, said that "no land reform in the past 20 years has involved so large a fraction of any country's farmers, farmland or food output as the Phi-

lippine agrarian reform program."

The UN experts said that "in broad terms, the program involved action by the Ministry of Agrarian Reform and supporting agencies on at least six different fronts," referring to support services such as credit, infrastructure, legal assistance, education and training, crop insurance, extension services, etc.

The two major thrusts of the agrarian reform program — Operation Land Transfer and leasehold operation — involved 878,686 beneficiaries (farm-families) and 1,189,302 hectares of land, the report said.

Coupled with the landed estates and re-

settlement programs, just under one million beneficiaries and just over two million hectares have been involved directly in the reform.

"This is approximately 28 per cent of farm operator families and 20 per cent of the arable land, excluding 3,162,300 hectares of coconut land and 58,500 hectares of rubber, ramie, maguey and castor," the report said.

"Since the scope of the reform to date has been confined to rice and corn lands, these percentages understate the actual impact of the reform in terms of agricultural output" because of multiple cropping the report said.

CSO: 4200/349

REDRESS SOUGHT IN MARINE INCIDENT

Manila BULLETIN TODAY in English 20 Dec 83 p 23

[Article by Juan Calaunan]

[Text]

**CABANGAN, Zambales** — Defense Minister Juan Ponce Enrile's assistance is being sought by the councilor-father of a 27-year-old man who was allegedly mauled at dawn Friday by Philippine Marines assigned at the US Naval Communications Station in San Miguel, San Antonio, this province.

Dionisio Galindez, councilor of Cabangan, Zambales, and father of Falicer Galindez, the alleged mauling victim, said he has wired Minister Enrile requesting an investigation of the incident.

According to Councilor Galindez, his son and two other men were about to enter the Triple Seven Bar at Barangay East Derrita in San Antonio at 2 am Dec. 16 when about four Marines armed with Armalite rifles accosted them for no apparent reason.

Falicer was reportedly led to a pick-up vehicle by the Marines and taken to their barracks inside the communications station where he was interrogated and allegedly

mauled.

After being investigated for about almost one hour by one Alberto P. Paterno, an investigator, Falicer was released by LTJG Federico E. Ilao of the Philippine Navy.

"My son was released but not before he was mauled and forced to sign a certificate of release saying that he was 'not subjected to any physical harm, maltreatment nor coercion during the course of the investigation,'" Councilor Galindez said.

"Ayaw kong pumirma, nangginginig ang aking mga kamay, ngunit tinutukan ako nang kanilang armalite. Natakot ako baka patayin nila ako. Kamuntik nang mawalan ako ng malay ng pagpapaluin nila ang ulo ko ng kanilang baril," Falicer said. ("I did not want to sign, my hands were trembling, but the Marines pointed their armalites at me. I was afraid they might kill me. I almost lost consciousness when they hit my head several times with their guns.")

CSO: 4200/349

MARCOS RESETS AFP ANNIVERSARY; FISCAL, HISTORIC MOTIVES CITED

Manila BULLETIN TODAY in English 20 Dec 83 pp 1, 6

[Text]

President Marcos has changed from Dec. 21 to March 22 the anniversary observance of the Armed Forces of the Philippines (AFP).

He ordered the change in Presidential Proclamation No. 2325 issued last Dec. 14. The AFP anniversary had been observed every Dec. 21 of every year since 1935.

Because of the change and of economic constraints, Camp Aguinaldo officials said there would be no anniversary observance this year and possibly even next year.

In proclaiming the new AFP anniversary date, the President said that, historically, it was on March 22, 1897, that the AFP, although then a "ragtag armed unit" was formally founded during the Tejeros Convention at barrio Tejeros in San Francisco de Malabong, Cavite, with Gen. Artemio Ricarte as the first chief of staff.

Gen. Fabian C. Ver, the incumbent and the 20th AFP chief of staff, initiated the move to change the date of the anniversary. This was backed by Defense Minister Juan Ponce Enrile.

In signing the proclamation, the President said that "historical imperatives dictate that the anniversary of the AFP must be reoriented to conform with the indigenous roots and beginnings of our military heritage."

The Chief Executive said the Tejeros Convention inspired the Filipino people into molding themselves into one nation — an event that marked the establishment of a Revolutionary Army ready to fight a war for national independence.

Ver said that the celebration of the AFP anniversary on Dec. 21 was based on the signing of Commonwealth Act No. 1, the National Defense Act, in 1935, which gave official birth to the armed forces.

CSO: 4200/349

MYSTERY SURROUNDS SAN MIGUEL, COCO BANK DEAL

Manila BULLETIN TODAY in English 20 Dec 83 p 10

[Text]

San Miguel Corp. and United Coconut Planters' Bank have linked in what an SMC official said is a marriage of convenience.

The link was announced by San Miguel chairman Andres Soriano and UCPB president Eduardo Cojuangco on the same day that 33.3 million SMC shares, or 30 per cent of its outstanding capital stock, changed hands in the largest sale ever recorded on the Manila Stock Exchange.

Mystery surrounds the deal, effected through a cross-sale transaction, with the identities of the real buyer and seller unknown.

What was disclosed publicly were the names of the new owners — 14 major corporate shareholders of San Miguel, six of whom are identified with Cojuangco and eight with Soriano.

The 14 shareholders in turn gave their voting rights to Soriano under a voting trust agreement, valid under the law for only

five years.

The agreement allows Soriano, who personally owned 10 per cent of SMC's outstanding capital stock, the power to handle an additional 30 per cent and exercise voting rights to manage the company.

Informed sources said another corporate shareholder, controlled by Cojuangco and holding 16 per cent, plans to join the agreement, a move likely to be announced after approval by the securities and exchange commission.

The additional 16 would give Soriano 56 per cent of the total voting power, allowing him virtually a free hand in running the company.

This is designed to prevent proxy wars for the next five years, they said.

A proxy fight erupted earlier this year and led to a break-up between Soriano and Enrique Zobel, who opposed Soriano's management policies at San Miguel. Zobel, lost the boar-

droom battle and sold his 16 per cent stake.

The first two aims of the new voting trust agreement — "reaffirmation of the principle of loyalty" and "prevention of intra-corporate disputes" — reflect the Soriano-Zobel feud which SMC wants to avoid seeing repeated.

Significantly, it allows the election of Cojuangco as vice-chairman and for him to nominate two other people to its board.

Soriano said San Miguel has consolidated ownership of the 30 per cent under the agreement and will "maintain and preserve continuity of management" of the company which earned net income of P283 million in 1981.

In turn, San Miguel and related companies have made a P500 million investment in preferred UCPB shares and, Cojuangco said, the bank can finalize the election of Soriano as UCPB vice chairman. (Reuter)

CSO: 4200/349

SIN ON CONVERSION OF MARCOS, AWAKENING OF NATION

Canberra THE AUSTRALIAN in English 12 Dec 83 p 4

[Text]

**MANILA:** The leading religious critic of President Marcos' regime, Cardinal Jaime Sin, yesterday spoke of the possibility of a conversion and an awakening of Mr Marcos and his family.

Speaking to a congress of the 25-year-old Philippines PEN (poets, essayists and novelists), Cardinal Sin said Mr Marcos was aware of the kind of legacy he wanted to bequeath.

Cardinal Sin said a conversion could be a "third miracle" in Filipino history.

The first was the conversion of the assassinated Opposition leader, Benigno Aquino, from a "wonder boy and firebrand" to an apostle of peace.

The second was the awakening of the people to the desecration of their human rights as a result of the killing of Mr Aquino on August 21 at Manila airport while in military custody on his return from three years of voluntary exile in the United States.

Cardinal Sin said Filipinos had changed from a nation of sheep to a nation of militants, aware of their rights and insistent on a return to democracy.

The writers' group openly supports Mr Aquino's reconciliation through peaceful means, and demands the return of democracy.

**Police**

Cardinal Sin said that whenever Mr Marcos spoke today, he pointed an accusing finger at other people - businessmen, Catholic schools, and those in opposition.

"Does he not realise that when one points an accusing finger at anybody, there are three other fingers pointing at oneself?" Cardinal Sin said. "Is it not possible that for every sin committed by the people against the Government, there might be three sins committed by the Government against the people?"

Meanwhile, dozens of riot police at the weekend charged into a crowd of about 150 stone-throwing protesters who attempted to hold a human rights rally in front of a military headquarters.

There were no reports of injuries in the clash outside Camp Aguinaldo, a military base on the outskirts of Manila that serves as headquarters for the armed forces and the Ministry of Defence.

At least five people were arrested during the protest which marked the 35th anniversary of the UN declaration of human rights.

CSO: 4200/335

PHILIPPINES

BRIEFS

DOLLAR BLACKMARKET RATES--A black market in US dollars is flourishing in the Philippines following the halting of foreign exchange trading, dealers and bankers said. Black market prices range from P18 to P22 to the dollar compared with the official rate of P14.02, fixed when the peso was devalued in October for the second time this year. Foreign exchange trading stopped in Manila on Oct 17 when banks were required to deposit all foreign exchange receipts with the Central Bank, Forex club manager Antonio Santos said. [Excerpt] [Manila BULLETIN TODAY in English 24 Dec 83 pp 1, 8]

TWO PRIESTS CLEARED--Bangued, Abra--Two Catholic priests have been cleared of murder and subversion charges by the Abra provincial fiscal for insufficiency of evidence. Cleared by Fiscal Sergio Paredes were Fr Johnny Urmaza, SVD, parish priest of Lacub, and Fr Dominador Fernandez, SVD, parish priest of Sallapadan, both in Abra. Fr Urmaza was implicated together with 23 others in a criminal case filed before the Baay Licuan municipal trial court. The accused included Fr Conrado Balweg, Fr Bruno Ortega, and Cesar Baronia. The case involved an attack on a paramilitary headquarters in Lacub last Jan 17. Fr Fernandez was charged in a separate case with subversion. The two priests were defended by Felix B. Claustro. (ISC) [Text] [Manila BULLETIN TODAY in English 24 Dec 83 p 1]

NORTHERN MINDANAO SUGAR SHORTAGE--Cagayan De Oro City--A sugar shortage still continues to threaten the residents of northern Mindanao, despite the recent announcement that the National Sugar Trading Corp is releasing 5,000 bags to local traders. Consumers and sugar merchants have agreed to denounce together in a rally a syndicate cornering the distribution of sugar. According to Kagawad Guillermo C. Parrel, chairman of the local Price Stabilization Council, Nasutra still has to serve all the delivery orders it issued to local traders since July. The region's average monthly sugar consumption totals some 20,000 bags. He added that although all the bodegas of the Nasutra here are full of sugar, the shortage persists because the delivery orders issued to local traders are withdrawable in Negros Occidental and Iloilo, while the sugar produced by the Bukidnon Sugar Milling Co is only for export. Parrel lamented that every time the local traders go to ask for their sugar allocations from the Nasutra the Negros and Iloilo their claims are denied because the sugar mills' bodegas do not have the quedan. Parrel warned that since the level of sugar stock in the hands of local traders has been seriously depleted, consumers may be forced to resort to extra-legal means of pressing Nasutra to release more sugar. (CAN,Jr) [Text] [Manila BULLETIN TODAY in English 23 Dec 83 p 9]

CSO: 4200/349

VOFA HIGHLIGHTS KAMPUCHEAN RESISTANCE SUCCESSES

BK010339 Bangkok Voice of Free Asia in Cambodian 1040 GMT 31 Dec 83

[Article: "Unity Is the Source of Strength"]

[Text] If there is any lesson to be learned from the Kampuchean war, it is none other than that unity is the source of strength. As an example, the Khmer nationalist forces have shown to world opinion that despite being three times smaller than the Vietnamese forces, their forces have so far been able to resist the Vietnamese troops, which are 180,000-men strong. They have caused great destruction and serious difficulties to Vietnam over the past 5 years. First, Vietnam erroneously thought it could occupy the whole of Kampuchea in just one go through [with] its immense army, the fourth largest in the world. Furthermore, it has received support and assistance from the Soviet Union of up to \$5 million daily. The three leaders of the CGDK clearly realize the source of Vietnam's strength and determination. That was why at the end of last week during a visit in the PRC, President Samdech Norodom Sihanouk, Vice President Khieu Samphan, and Prime Minister Son Sann all affirmed that they will unite as one to fight against the Vietnamese forces until they are out of Kampuchea. At the same time, Deng Xiaoping, an important leader of the PRC, promised to increase military assistance to the Khmer resistance movement and will continue to support the CGDK to fight and successfully liberate the country from Vietnamese aggression. Furthermore, China will provide assistance to rebuild Kampuchea which has been suffering through war. China is not the only country to do this. Recently, France was also another country which has decided to provide various assistance in the humanitarian field to the Khmer resistance groups. At the same time, the U.S. Congress has also adopted a view which suggests that the U.S. Government will provide humanitarian assistance to the Sihanouk and Son Sann groups because these two groups are badly in need of the above-mentioned assistance.

It is true that these various forms of aid from many countries which have been flowing to the Khmer nationalists have increased the capabilities of the CGDK and enabled it to win successive victories. Vietnam seems to have clearly realized the capabilities of its forces, for recently Foreign Minister Nguyen Co Thach openly said that the activities of the Khmer resistance groups are small matters and there is no need to worry about them. Vietnam does not need to use its forces to crush the Khmer resistance army, which is only tiny. The

statement by this Vietnamese leader clearly shows that, in truth, the Vietnamese forces are not capable of winning over the smaller Khmer resistance forces. Despite efforts by Vietnam to launch large-scale military operations using artillery and tanks over the past four or five dry seasons, its success was limited to the destruction of Khmer refugee camps which have no forces or weapons to resist the Vietnamese forces.

On the contrary, during the same period--and in particular since the setting up of the CGDK in the middle of last year--the Khmer resistance groups have gained the advantage and have been able to limit the activities of the Vietnamese troops to only around towns. These troops cannot operate in rural areas as they used to. Along with this, the CGDK forces have been able to expand further the liberated zones. Apart from this, the Kampuchean people in Vietnamese-controlled zones have been fleeing in increasing numbers from the barbarous and atrocious Vietnamese tortures to join forces with the Khmer resistance movement.

In this new dry season, which has just started, the Vietnamese side still cannot begin its military activities as it has in the past, because its various bases have suffered through natural disasters during the past rainy season. Along with this, it has to wait until the ground is dry so that it can use tanks and transport heavy weaponry to launch operations and assist its forces with ease. For this reason, in November the CGDK forces were able to successfully carry out military activities. In only 1 month 1,684 Vietnamese soldiers died in the war against the Khmer resistance forces and 1,789 others were wounded. The CGDK has not only scored military victories, it has won a great political success. As proof of this, the recent UN General Assembly session, agreed to recognize the CGDK as the legitimate representative of the Kampuchean people for the fourth consecutive time since Vietnam sent its troops to commit aggression and occupy Kampuchea at the end of 1978. This unity among the Khmer nationalists will enable them to liberate Kampuchea from the Vietnamese occupation yoke in the end.

CSO: 4212/23

VOFA ON CGDK'S LEADERS' MEETING IN PRC

BK250956 Bangkok Voice of Free Asia in Cambodian 1040 GMT 24 Dec 83

[Article: "The Kampuchean Leaders Are Confident That the Khmer Patriots Will Triumph in the War To Liberate Kampuchea From Vietnamese Control"]

[Text] Late last week, Samdech Norodom Sihanouk, Khieu Samphan, and Son Sann, who are leaders of the Coalition Government of Democratic Kampuchea [CGDK], went to Beijing for a visit to China. During this current visit, the three leaders expressed confidence that the Kampuchean patriots will eventually achieve victory in the war to liberate Kampuchea from the control of Vietnam.

Samdech Norodom Sihanouk, president of the CGDK, stated that the Khmer people remain resolute in their struggle to drive out and vanquish the Vietnamese troops. He said that large numbers of Khmer people are streaming uninterruptedly into the liberated zone of the CGDK. These people are joining their forces to the point of being capable of expanding their coordination in their large-scale anti-Vietnamese resistance and are now ready to cope with the dry-season offensive of the Vietnamese troops. Samdech Norodom Sihanouk also revealed that during the recent rainy season the forces of the CGDK were able to launch attacks deep in the interior of Kampuchea, liberating many villages and expanding the liberated zone to a great extent. Samdech stated that the Khmer people living in the areas under Vietnamese control have been awakened to the reality and are now well aware that, in fact, Vietnam merely wants to turn Kampuchea into its colony and needs to exploit Kampuchea's priceless natural resources for its own benefit, for Vietnam is now facing a dire economic crisis.

Prime Minister Son Sann added that Vietnamese troops are conducting savage, drastic crackdowns on Khmer people. At the same time, they are bringing Vietnamese citizens to settle down in Kampuchea in accordance with their genocidal plan to annex this country. Such acts by Vietnam as mentioned here show that in reality Vietnam is not at all a liberator of the Khmer people as it has claimed.

Vice President Khieu Samphan also stressed that the situation in Kampuchea has undergone a great change. The CGDK is now gaining superiority in all aspects, which allows us to firmly believe that the Khmer people will win final victory.

Samdech Norodom Sihanouk suggested that Vietnam should abide by the opinion of the United Nations in which the majority of countries overwhelmingly demanded that Vietnam completely withdraw its troops from Kampuchea. Vietnam's so-called partial troop withdrawals are not acceptable.

In this connection, President Li Xiannian of the PRC also voiced firm support for the Kampuchean leaders. The Chinese president appealed to Vietnam to unconditionally withdraw all its troops from Kampuchea. At the same time, the Chinese leader also stressed that the PRC Government and people continue to support the CGDK in its struggle to liberate Kampuchea from Vietnamese aggression. The Chinese president was confident that, thanks to the support from justice-loving countries and the staunch unity of the Khmer patriots, the liberation of Kampuchea from the Vietnamese yoke eventually will be realized.

CSO: 4212/23

Vanuatu might turn up again for the proceedings.

But only the three resident diplomats — the French Ambassador, the British High Commissioner and the Australian High Commissioner were seated in a place of honour in the Assembly building — a chamber only a little larger than a big suburban loungeroom.

Australia's High Commissioner to Ripablik Bilong Vanuatu is a jolly middle-aged lady, Miss Joan Norwood.

### Australian aid

Miss Norwood and her small staff oversee an Australian aid programme now worth around \$5 million a year and sort out consular problems caused by the 35,000 Australian visitors a year — 70 per cent of all Vanuatu's tourists.

The new Cuban Ambassador assured Miss Norwood and her French and British colleagues that his country had no intention of establishing a mission in Port Vila.

He added, reassuringly, that Havana had only provided him with enough money to enable him to visit Port Vila twice a year, but that an annual visit was probably all that was needed.

The only known resident Cuban in the islands is a representative of the World Health Organisation, working on an anti-malaria programme.

But Cuba remains a touchy subject with Father Lini and his Government.

A request to see the Prime Minister was countered by an interview with Father Lini's Jamaican media adviser Mr C. A. Maurice Bryan. Mr Bryan asked for a list of questions, noted "Cuba" and gave a wry laugh.

He then offered a ride in his new toy — a sleek silver Saab imported duty-free from Copenhagen.

### Tax haven

Vanuatu is not only a duty-free country, it has no income tax. It is also a tax haven for foreign companies on payment of a fee for registration.

The latest lurk is the opening of a ship's registry which will allow foreign vessels to fly under the green, yellow, red and black flag of the ripablik, as an alternative to the Panamanian flag of convenience.

The Cuban question was considered for the whole of the normal Vanuatu siesta time

which lasts from 11.30 until 2pm before Mr Bryan announced that Father Lini was "too busy".

The Prime Minister once wrote in a paper entitled "Political Challenges" that "at times the media can hinder the direction of a leader's thinking, and the way in which they deal with a leader's ideas and views makes the ideas seem stale and unimaginative. One must remain firm in one's convictions to withstand this sort of pressure."

Recently the Vanuatu Government firmly ordered a woman operating an independent news service to leave the country.

Only the official "Tam Tam" remains — run by Mr C. A. Maurice Bryan with President Ati George Sokomunu's brother-in-law in charge of the photographic department.

Mr C. A. Maurice Bryan is also the President's speech-writer — a Jamaican from the Caribbean working hard as an official adviser. This raises the nagging and disturbing question — how much longer before a Cuban from the Caribbean is acting as an official adviser to the Government of the Ripablik Bilong Vanuatu?

Right on our doorstep.

COUNTRY'S CUBAN CONNECTION EXAMINED

Perth THE WEST AUSTRALIAN in English 14 Dec 83 p 9

[Article by John Hamilton: "Vanuatu...and the Cuban Connection"]

[Text]

**O**N July 25 this year, his excellency the Cuban Ambassador to Tokyo, Senor Jose Guerra arrived at the country they call Ripablik Bilong Vanuatu.

He drove into the capital, Port Vila, along a road that weaves its way through coconut palms and past a large sign declaring that the ripablik is a nuclear free zone.

Senor Guerra was on an important mission. He was presenting his credentials, signed by Fidel Castro, appointing him Cuba's first ambassador to the ripablik.

The credentials were presented to Vanuatu's president Ati George Sokomanu under the country's coat of arms which features a Melanesian warrior with a spear standing astride a volcano and the motto "Long God Yumi Buanap."

Thus Cuba, a country dedicated to the export of revolutions, established a toehold in Vanuatu, a collection of 80 scattered islands inhabited by 118,000 people, only 2½ hours flying time from Australia.

With the experience of Grenada fresh in mind, this development might be regarded as worrying.

Senor Guerra was no stranger to Vanuatu: He attended the country's independence celebrations three years ago.

Vanuatu's neighbours might think that recognising Cuba is a mistake, but Cuba pushed for Vanuatu's independence and recognition is a perhaps naive Vanuatu way of repaying the debt and saying thank you.

Vanuatu is now so independent that it won't recognise either the United States or Russia in case it is seen as a small state allying with one or the other.

The Opposition has accused the Government of Mr Father Lini of heading towards communism and organised a march through Port Vila to denounce the recognition of Cuba.

On the day Father Lini's new government was recently sworn into office by a European judge in black robes and a horsehair wig, there was speculation that the new Cuban Ambassador to

CHRONOLOGY OF EVENTS 16 SEP-15 OCT

Hanoi VIETNAM COURIER in English No 11, Nov 83 p 32

[Text]

**(16 September — 15 October)**

**SEPTEMBER**

17. A spokesman for the Vietnamese Foreign Ministry issues a statement condemning US military intervention in Lebanon.
21. A delegation of the Organization Commission of the Party of the Working People of Ethiopia pays a visit to Vietnam, from 21 to 28 September 1983.
22. The Vietnam State Commission for Science and Technology opens a three-day conference in Hanoi on the organization and management of basic surveys.
  - A delegation of the MPLA — Party of Labour of Angola pays a friendship visit to Vietnam, from 22 to 28 September 1983.
23. Signing in Prague of a protocol on goods exchange between Vietnam and Czechoslovakia.
  - Opening in Hanoi of the 7th Congress of the Vietnam Eastern Medicine Association.

28. Setting up of the State Commission for Energy headed by Do Muoi, Vice-Chairman of the Council of Ministers.

— Holding in Hanoi of the Third Congress of the Vietnam Writers' Union. Nguyen Dinh Thi, writer and poet, is re-elected its General Secretary.

28. Opening at the Giang Vo Exposition Centre in Hanoi of a handicrafts exhibition with over 3,000 items on display.

29. Signing in Berlin of a protocol on goods exchange and payment for 1984 between Vietnam and the GDR.

— A high-ranking delegation of the Communist Party of Vietnam headed by Vo Chi Cong, member of the Political Bureau and the Secretariat of the Party Central Committee, begins a visit to France at the invitation of the French Communist Party. The visit is to last until 8 October 1983.

## OCTOBER

1. Nguyen Dinh Thi, General Secretary of the Vietnam Writers' Union, is awarded the Lotus prize for 1982—1983 of the Association of Asian and African Writers.

4. A delegation of the Ministry of Transport of Cuba visits Vietnam from 4 to 10 October 1983.

5. The Second Congress of the Fine Arts Association of Vietnam is held in Hanoi. Painter Tran Van Can is elected its Chairman, and Duong Vien its General Secretary. The Congress is held from 5 to 7 October 1983.

6. Signing in Moscow of a cooperation agreement between the Vietnam Lawyers' Association and its Soviet counterpart.

8. Nguyen Duy Gia, General Director of the Vietnam State Bank, visits Cuba from 8 to 14 October 1983.

9. The first Phu Dong National Sports Festival for school pupils opens in Hanoi. The festival lasts from 9 to 17 October 1983.

12. Vietnamese Foreign Minister Nguyen Co Thach pays a friendship visit to France.

13. An economic delegation of the People's Socialist Arab Libya Jamahiriya pays a visit to Vietnam.

CSO: 4200/347

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**DATE FILMED**

31 Jan 1984

